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ABSTRACT

This study analyzes the current condition of higher education in Oregon, presents a conceptual framework for a voucher system alternative, and within this framework outlines a proposed voucher system for Oregon. The authors focus on three problems in higher education: (1) the need for relevance, (2) the financial crisis, and (3) inequality of opportunity. The writers contend that a voucher plan provides a more efficient allocation of resources, gives institutions as incentive to provide schooling more closely tied to current social and economic conditions, encourages poor and minority students to continue their education, and allows private institutions to compete more easily with public institutions. (RA)

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ISSUES OF GRANTS AND LOANS TO INDIVIDUALS,

OREGON AS A CASE STUDY

An Interim Report

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Eugene, Oregon, Sept., 1971

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SECTION I: INTRODUCTION

In recent years post-secondary schooling, or "higher education" as it is sometimes called, has become a subject of controversy in the United States. Many more people than ever before are critical of events on our campuses and the conditions which exist there, although not all critics find fault with the same things.

We are among those who are interested in post-secondary schooling. Like others, we feel that higher education and the various institutions that provide it now face the greatest challenges in their history. Because we are interested in the future of post-secondary schooling we decided to try to identify some of the problems now facing it with an eye toward contributing to solutions.

"We" are a research team comprised of undergraduate students, graduate students, and faculty members associated with the University of Oregon. Our names are listed at the end of this Introduction.

We began our research in the Fall of 1970, and have continued it to the present, conducting it independently, without financial support or backing from any institution, agency, or patron.

We formulated and pursued the following research goals:

1. To find out what people are saying about the prob-

lems facing post-secondary schooling, especially the financial problems.

2. To study and understand the per-student costs of various post-secondary schools in Oregon. (We chose per-student, rather than per-program, costs for reasons explained in Section VII.)
3. To study the implications and repercussions that might result from the implementation of a system of grants-in-aid (vouchers) for post-secondary schooling in Oregon.

In the course of our research we came to the conclusions listed below, which now serve as assumptions upon which this study is based:

1. That the problems and issues now facing post-secondary schooling in Oregon can be solved satisfactorily only through open discussion and debate among all citizens.
2. That post-secondary schools should make available the various types of schooling desired by those who are able to benefit from it.
3. That equality of educational opportunity is a desirable and <u>necessary</u> development for this society.
4. That post-secondary education is in a sense a capital good, <u>i.e.</u>, an investment that an individual can draw upon in the future.

5. That the institutions that provide post-secondary schooling are in a sense industrial institutions that produce capital assets, consumer goods, and provide services.
6. That within Oregon there is little difference between the courses offered at public institutions and those offered at private institutions.

We realize that before our research goals are really reached we will have to investigate all types of post-secondary schooling in Oregon, including public and private four-year institutions, community colleges, and proprietary schools. We estimate that such a task would require about ten man-years of work.

This study is presented as a starting point. Our limited resources and access to data have enabled us to go thus far, so far. We intend to continue our research in the future.

This study emphasizes the conditions prevalent in the public and private four-year institutions, with some attention given to community colleges. No one is more aware than our group of the limitations and gaps present in this study. Our primary motivations in publishing the results of our research to date are to stimulate thought and discussion, and to perhaps make contact with other groups and individuals who are similarly interested and concerned with post-secondary school-

ing and ways to provide it.

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SECTION II: CRISIS IN TRANSITION

Very few Americans who have any opinion at all about post-secondary schooling are satisfied with it. Post-secondary schooling is a mess. People involved with it, whether as students, teachers, administrators or taxpayers, increasingly view their involvement as they would dental surgery. Colleges and universities, the most common and most talked about institutions of post-secondary schooling, have taken on all of the outward characteristics of a Roman slave market. An atmosphere of noise, crowding, confusion, frustration, and even despair has settled onto a good many campuses. Students, faculty members and administrators often regard each other with suspicion. And too often this hostility has surged into view as one segment of the academic "community" lashed out in some way at another. Meanwhile, legislators and taxpayers have grown increasingly skeptical about what they see, and less enthusiastic about committing tax dollars.

This situation did not come about all at once, of course. During the past few years writings and discussions about post-secondary schooling have increasingly concerned themselves with it. Some of the "reformers" seem to feel that we should "rethink" post-secondary schooling, and "redefine" its role in our society. A growing number of reform minded people have come to the conclusion that post-secondary schools must now "branch out," must begin to offer more and to serve more functions, for their individual students, and for society as a

whole.

This is, however, unnecessary. The social and economic trends present in America since the end of World War II have already redefined the role of post-secondary schooling. It has already branched out, and at present offers many different kinds of services to students and the society as a whole. In fact, this branching out that some reform minded people advocate to solve the problems now facing post-secondary schooling is what caused those problems in the first place.

Thirty years ago there were fewer post-secondary schools in operation. The schools were smaller in size. Fewer students attended them. Course offerings were relatively limited. The schools were more peaceful then, tax levies and tuition to support them were lower, and almost everyone involved was more or less satisfied. The primary, although not the only, goals of post-secondary schooling were:

1. to provide occupational training and a means of conferring credentials for the professions, i.e., for doctors, lawyers, teachers and ministers;
2. to provide a broad and "liberal" education, and social orientation, for the children of the more affluent;
3. to provide for the pursuit of knowledge "for its own sake."

To fulfill these goals post-secondary schools had developed a set of practices and structures appropriate to them. Since the end of World War II, however, post-secondary schools have taken on, or had placed upon them, additional goals. Some of these are:

1. to provide training and credential services for a greater number of "non-professional" occupations;
2. to provide research and development services for business, government, and industry;
3. to provide training that will enable students from affluent backgrounds to maintain financial and social security;
4. to provide training that will make social and economic mobility for the non-affluent students possible.

This incomplete list of the goals now served by post-secondary schooling is an indication of how extensively the instituions have changed. (We do not, necessarily, advocate that post-secondary schools play such roles. We merely point out that at present they do).

Perhaps the most informative development during this period has been the growth of non-university post-secondary schooling. While trade schools existed previously they did not receive much support or enroll many students. Now, in the form of such

things as business colleges, beauty colleges, and the training programs operated within some of the larger corporations, non-university post-secondary schooling flourishes. The period has also seen, in most states, the initiation of programs to build junior colleges, or, as they are now more commonly referred to, community colleges.

The growth of both university and non-university post-secondary schooling can be understood in light of the social and economic trends that have been in operation. The economy has become more complex, not only in the sense that the size of operations has markedly expanded, but also as these expanded operations have been based on an increasingly sophisticated technology. The smooth operation of our economy now depends, in part, on the existence of a large number of trained people. The need for trained and skilled people has increasingly made the untrained and unskilled worker unnecessary. Parents, teachers and the mass media warn young people that to get a "good" job they will need to stay in school, and large numbers of students have taken the advice, or would have if they had been able. But American society also wants its young people in school because the economy has no place for them. Post-secondary schooling now keeps a substantial number of unskilled and unemployable young people out of the job market until they have sufficient training to be employable

or until they are "more mature."

As American business, industry and government have become more dependent on trained personnel they have also become dependent on continued technological development. Post-secondary schools, already engaged in social and scientific inquiry, became centers for the necessary technological research and development work.

The expanding economy brought an increase in population, causing new social, economic and political situations and problems. Post-secondary schools, with their departments of political science, sociology, psychology, economics, etc., have been called upon to help come to grips with these new developments.

Further, the economic patterns of American life have changed so that post-secondary schooling is now a virtual necessity for individuals who desire financial prosperity and security. Most of the secure occupations that did not require post-secondary schooling have either disappeared or now do require it. Minorities and low income whites have begun to see post-secondary schooling as a means for social and economic mobility.

These are a few of the trends and developments that have caused post-secondary schooling to take on new goals. Those who advocate reform of post-secondary schooling in terms of redefining its role have perceived the situation imperfectly. The problem is not that post-secondary schooling must find

new things to do that are more appropriate to the times. These things have already been found and are already being done. The problem is to start doing them adequately. Some of the above mentioned goals are being pursued more sucessfully than others, and this is the source of the severe problems now evident. The problem to be solved, then, is how all of the goals can be pursued effectively.

One aspect of the situation that has remained virtually untouched by the developments of the past 30 years is the way that post-secondary schools are financed. Generally, public institutions depend on income in the form of subsidy from the state and student tuition, while private institutions depend on tuition and endowments. That these methods of financing are inadequate to meet the needs of today's post-secondary schools will be shown and discussed later, in the section of this paper entitled "The Financial Crisis."

The new demands that have been placed on post-secondary schools came about gradually. Perhaps because they did not understand exactly what was happening to them, most institutions continued to operate with the same structures and practices, based on the same assumptions about students and post-secondary schooling, that had been appropriate previously. The institutions, for the most part, did not resist accepting the new goals they were assigned by the various elements of

of society and the economy, and in many instances were anxious to take them on. In doing so, however, these institutions did not adjust their thinking or practice to the new roles. They have continued to think that their institutions are basically the same as they have always been, although now perhaps a bit busier.

This outlook has led to a policy of expansion that has been almost universally accepted as valid until quite recently. Because 500 students could be accomodated at one institution in the past it was (and is) assumed that merely adding more buildings and teachers can make that institution accomodate as many as 35,000 students. Because an upper-middle class white male could become a lawyer under certain circumstances it was (and is) assumed that anyone can become almost anything under those same conditions. These, and many other examples of the "expansion mentality," have finally resulted recently in a number of conditions that threaten to tear post-secondary institutions apart and leave them bankrupt. The structures and practices used to provide post-secondary schooling have reached the point of breakdown because they are overloaded. They are now trying to provide for a number of students and offer a diversity of materials that they were not designed or intended to accomodate. And even though they are dangerously strained there are still more students than

can be provided for, and tasks that need to be done better. The situation in post-secondary schooling is similar to that in a house with an overloaded electrical circuit -- the more appliances that draw current the more likely the circuit is to break down completely, causing darkness or fire. No placing of pennies, no matter how frequent, in a fuse box can increase the circuit's capacity.

The most commonly advocated way to meet increased demand for post-secondary schooling is expansion. But expansion requires money. Taxpayers are already reluctant to support further increases in allocations to public institutions, and tuition at both public and private institutions has increased enough to be out of the reach of a substantial number of capable potential students.

What would seem to be needed, then, is not a way to find more funds for post-secondary schooling, either through increased state or federal taxes, or through increased tuition. What is necessary is to find a way by which the existing funds can be better utilized.

SECTION III: THE FINANCIAL CRISIS

Post-secondary schooling is in the midst of an unprecedented financial crisis.[1] This financial crisis has come about because most institutions continue to depend upon means of raising and allocating funds that are obsolete. The manner in which many institutions have moved to solve their money problems indicates that their administrations do not really understand what is causing them, or have insufficient power to act to solve them, or tend to view the financial crisis as temporary. The present financial difficulties faced by most institutions are probably the result of several of these factors. One basic factor for most institutions is that costs are rising faster than revenues.[2]

To cope with the new responsibilities placed upon them in the past three decades most institutions have chosen to simply expand their former structures and operating practices. To meet the needs of the large and rapid growth in student body size, the increased diversity in subject matter, and the new activities they are engaged in by merely expanding, requires that the institutions have access to amounts of money that cannot be supplied by the former funding techniques and mechanisms. Both public and private institutions are finding increasing

difficulty in raising the money necessary to expand, and in some cases, to even continue in operation.

This financial crisis became a subject of public controversy in the news media late in 1970. In February 1971 Earl Cheit's The New Depression in Higher Education presented a detailed analysis of the situation. His conclusion was that two-thirds of the institutions studied were either "in financial difficulty" or "headed for trouble." [3]

Public institutions are continually presenting legislatures with growing budgetary demands, which are based on rising costs, expanding student bodies, and expanding program needs. The legislators, however, are caught in the middle. On the one side are their non-student constituents who complain about campus unrest, seemingly irresponsible administration, and rising tax levies. On the other side are the tax-paying student constituents (and their parents) who complain about increases in tuition, enrollment limitations, and the inadequacy of their education. Both sides, and the legislators, agree that the limited resources for education could be better allocated, but there is little agreement concerning what "better allocated" means. Accountability, efficiency, and effectiveness are some of the most commonly mentioned goals.

Private institutions are in the most serious financial situation. As the costs involved in providing schooling

rise, so too must the tuition they charge their students rise. The higher the tuition becomes, the fewer the students who can afford to pay it. Even the most prestigious private institutions, among them Stanford, Columbia, Princeton, and Yale, are operating on deficit budgets, and the amount of such deficits is increasing.[4]

Both public and private institutions have responded to the lack of available funds with similar tactics -- postponing, general austerity measures, increases in tuition, and enrollment limitations.[5] There have been few publicly announced policies of reassessing their priorities or of seriously looking at ways to help students learn better.

Many representatives of the educational establishment, however, favor increased federal aid for post-secondary schooling, and at this writing several bills with that aim are before Congress.[6]

Economic Analysis of Post-Secondary Schooling in Oregon

In order to better understand the financial crisis, we have chosen to analyze post-secondary schooling as an industry. Like any other industry, post-secondary schooling produces goods (tangible benefits) and provides services (intangible benefits) for customers and consumers.

Some of the consumers and customers for the goods and

services produced and provided by the post-secondary schooling industry include students, business, industry, and government. Students receive a mixture of consumption and investment items, including occupational training, academic credits and the academic degree. Post-secondary schooling provides trained personnel and research services for business, industry, and government.

Buchanan and Devletoglou point out one of the most important characteristics of post-secondary schooling when they write:

> University education is not a free good. It does not abound in nature and considerable scarcity value attaches to it...Education is...an economic good. For this reason, the economic aspects of its demand and supply cannot be neglected. [7]

Although post-secondary schooling is an economic good, and an increasingly important one for individuals and society, it is also other things. We do not feel, however, that analyzing it in terms of economics necessarily precludes other approaches or contradicts them.

We feel that an analysis of the economic dynamics and the behavior of post-secondary schooling is helpful in elucidating the apparent shortcomings that exist. Such analysis can also be useful in predicting the behavior of post-secondary schools under different economic conditions, and as an indicator of how different economic

conditions might change and/or improve the behavior of and the conditions present in the industry.

Because of limitations on our data at the present time we limit this analysis to the public two-and four-year institutions and private four-year instituitons in Oregon. Proprietary schools are not included.

The structure of the post-secondary schooling industry and the system of education funding have caused an unequal distribution of the market among the competing educational firms in Oregon. This is shown by the fact that approximately 80% of the students in the market for post-secondary schooling in Oregon buy it from one of the schools in the Oregon State System of Higher Education or a public community college. The remaining 20% are divided amo the fifteen private degree-granting institutions in the state.

The publicly subsidized schools of the State System have achieved "short run market power," which means that they have the ability to maintain a relatively stable price for their goods and services, even in the face of changing comsumer demand. This short run market power further enables the publicly subsidized State System schools to manipulate the market mix without fear of losing to their competitors a part of the market currently

held. This unequal distribution of the market also means that the publicly subsidized schools are able to disregard demands for change made by students and tax-payers, while at the same time being assured of receiving a relatively stable and predictable income with which to continue the current programs and practices, including those that have caused consumer dissatisfaction.

The publicly subsidized State System is able to charge a substantially lower price for its goods and services because these schools receive a tax subsidy from the state government which is not available to private institutions. In the absence of such a subsidy the private institutions must charge their students nearly the entire cost of their schooling. This gives the State System a competitive advantage of "non-market financing," which means that it is free from the nearly total dependence on tuition for operating funds which plagues private institutions. Further, non-market financing allows the publicly subsidized schools to substantially underprice their private competitors.

Along with this advantage of non-market financing, and at least partly as a result of it, the State System has became the dominant firm in a highly concentrated market.[8] The centrally controlled community colleges, which are also

heavily subsidized are like franchisees, with the franchisor being the State Department of Education. Market concentration is a relative concept, a measure of the equality or inequality of the distribution of the market among the competing firms in a specific industry. The above mentioned fact, that 80% of the consumers in Oregon deal with the same firm (the State System), reflects a very high degree of market concentration.

The dominant firm in a highly concentrated market is not necessarily inefficient or insensitive to the wishes of its consumers. High concentration, however, does allow the decision-makers in the dominant firms more alternatives from which to choose in making policy, and allows the firm to offer poor performance because of the consumers' limited ability to go elsewhere.

The State System has become and remains dominant because the product it offers is the only one within the purchasing power of most student-consumers. Ten years ago the legislature permitted the creation of competitive subsidized schooling through the community colleges. In 1969-70 these "franchised" schools enrolled double the number of students in the private schools. The existence of private institutions within the state gives the illusion of consumer choice, but the cost of attending these competing institutions is prohibitive for most students, so there

is very little effective choice among the institutions.

Non-market financing has led to a high concentration of the market in Oregon's post-secondary schooling industry, with the State System occupying the position of the dominant firm. This has led to a crisis in the industry because the State System is able to, and has, ignored the demands made upon it by consumers. Many students are dissatisfied with paying tuition and taxes for schooling that they feel is inadequate, outdated or otherwise irrelevant to the lives they will lead after graduation. Minorities and other lower-income citizens are dissatisfied because there taxes help to maintain this system to which they have little access. Other citizens are dissatisfied because of campus unrest, unaccountable funding, and other practices that they feel have caused tax levies to become nearly unbearable. The reason that the policy-makers in the State System have not responded to the demands and pressures is that there is neither much incentive for them to do so, nor is there any agreement upon a "better" way to re-allocate resources.

None of this is meant to imply that the State System ignores the opinions of students and other citizens as a matter of policy,nor that in doing so they derive some

kind of strange satisfaction. Decision-makers within the State System have certain ideas about the way post-secondary schooling should be, and they have the power to do things the way they think best.

This advantageous market dominance, and the resulting freedom from outside interference, does not mean that the State System has no financial problems. Recently implemented enrollment ceilings and several raises in tuition and fee levels indicate that the State System cannot secure adequate funding from the State Legislature.

Private Post-Secondary Schooling in Oregon [9]

Private post-secondary institutions in Oregon are now in a desperate financial situation, even though they have higher tuitions (see Table III-1, below), and in some cases pay lower faculty salaries,[10] in comparison with the public instititions.

The following institutions granted permission for us to review the budget information that they have submitted to the OICA:

Concordia College
Lewis and Clark College
Linfield College
Mount Angel College
Northwest Christian College

		Christian	Condordia	Fox	Clark	Linfield	Marylhurst	Mt. Angel	Christian	Univ.	Reed	Portland	Pacific	Univ.
1950-51:	T & F	-	-	326	450	440	220	-	160.5	462	550	490	-	390
	FTE	-	21	157	1,260	692	284	68	337	730	606	1,561	-	1,069
1951-52:	T & F	-	-	326	480	440	270	125	160.5	512	558	400	-	440
	FTE	-	39	122	1,127	537	270	46	348	590	587	1,258	-	1,064
1952-53:	T & F	-	50	326	480	460	280	-	160.5	512	614	450	150	440
	FTE	-	37	110	1,056	524	265	58	344	577	502	1,138	263	1,098
1953-54:	T & F	-	60	326	480	460	280	-	190.5	512	654	450	150	465
	FTE	-	36	98	990	488	306	82	378	545	596	1,023	233	1,087
1954-55:	T & F	-	75	328	550	480	320	-	190.5	512	720	490	180	490
	FTE	-	45	142	982	712	340	71	344	523.3	637	1,002	214	1,063
1955-56:	T & F	-	80	390	550	480	320	205	226.5	512	720	490	200	490
	FTE	-	50	146	1,010	740	402	65	325	556.9	610	1,087	200	1,124
1956-57:	T & F	696	90	390	625	500	370	225	228	565	820	490	200	574.5
	FTE	-	50	138	1,029	750	403	102	343	612.7	674	1,100	189	1,118
1957-58:	T & F	788	90	415	625	600	370	225	228	565	841	600	250	600
	FTE	-	70	139	1,021	793	405	140	329	617	671	1,264	171	1,168
1958-59:	T & F	932	140	415	710	600	420	325	306	565	1,091	600	280	650
	FTE	-	91	141	1,014	838	417	199	371	683.9	638	1,319	169	1,165
1959-60:	T & F	942	150	520	710	625	420	325	306	565	1,099	660	300	700
	FTE	-	105	144	1,059	915	439	212	389	736.9	708	1,409	160	1,151
1960-61:	T & F	-	160	520	875	650	450	455	372	675	1,300	660	300	727
	FTE	7	111	179	1,073	966	486	311	399	751.2	717	1,591	150	1,238
1961-62:	T & F	1,025	160	680	875	700	450	455	372	675	1,302	660	300	812
	FTE	44	102	195	1,105	984	525	313	437	841.8	737	1,666	191	1,346
1962-63:	T & F	1,025	220	680	1,050	800	554	528	420	780	1,542	660	400	872
	FTE	59	111	264	1,140	1,033	532	312	354	933.6	786	1,615	215	1,320
1963-64:	T & F	1,025	325	1,000	1,050	850	554	528	423	940	1,542	800	550	875
	FTE	93	133	285	1,178	1,064	546	326	396	949.7	816	1,610	246	1,443
1964-65:	T & F	1,212	355	1,000	1,250	900	650	650	423	940	1,748	800	690	975
	FTE	123	146	320	1,071	1,113	573	352	431	974	868	1,686	272	1,457
1965-55:	T & F	1,366	380	1,020	1,300	950	650	793	468	1,140	1,748	1,000	735	1,075
	FTE	126	156	324	1,161	1,151	560	421	444	988	915	1,710	309	1,494
1966-67:	T & F	1,446	430	1,020	1,500	1,050	850	833	525	1,240	2,100	1,000	780	1,185
	FTE	135	178	338	1,535	1,245	573	404	412	1,045	964	1,708	313	1,483
1967-68:	T & F	1,566	470	1,140	1,665	1,200	850	960	570	1,340	2,252	1,100	780	1,295
	FTE	142	158	376	1,546	1,165	528	380	421	1,058	1,010	1,614	364	1,492
1968-69:	T & F	1,566	570	1,140	1,679	1,200	1,240	1,021	615	1,340	2,252	1,200	1,050	1,400
	FTE	162	135	379	1,653	1,106.5	472	370	459	1,163	1,124	1,683	329	1,536
1969-70:	T & F	2,085	775	1,248	1,885	1,500	1,256	1,261	560	1,395	2,405	1,500	1,350	1,522.5
	FTE	162	124	396	1,772	1,023	430	322	405	1,184	1,230	1,754	344	1,610
1970-71:	T & F	2,427	825	1,503	2,085	1,600	1,256	1,372	756	1,745	2,610	1,500	1,485	1,745
	FTE	198	163	473	1,821	1,026	412	324	344	1,211	1,149	1,774	373	1,700

Pacific University

Reed College

University of Portland

Warner Pacific College

Willamette University

We requested information on statement of current income, as follows:

1. Educational and general income
   a. student fees
   b. endowment income
   c. gifts and grants
   d. all other
2. Student aid income
3. Total current income

We also collected information on statement of current expenditures:

1. Educational and general expenditures
   a. general administration
   b. general expenses
   c. instructional and departmental research
   d. library
   e. operation and maintenance of physical plant
   f. all other expenditures
2. Student aid expenditures
3. Total current expenditures

In addition we collected information concerning net surpluses or deficits.

Between 1967 and 1970 the number of institutions operating with deficits increased (from seven to eight, respectively, of the ten) and the average amount of deficit increased, as well. Even those indicating surpluses in 1970 have experienced a decreased surplus from that which they enjoyed in 1967. (See Table III-2)

The deficits fell off slightly in 1969-70, partially because a $100 scholarship for Oregon residents, payable to the institutions, became available through the Oregon State Legislature's passage of House Bill 1447. As a result of 1971 legislative action, new forms of state aid will become available to independent colleges. The rationale for this aid is that the state is contracting with the private schools to provide Oregon residents with schooling.

Independent institutions in Oregon as elsewhere have increased their tuition and fee levels very rapidly over the past decade (see Table III-1), and now the average tuition at an OICA member school is over three times that charged by the public institutions. Table III-3 indicates how tuition and fee income has gradually come to make up a greater portion of the total income of independent schools.

TABLE III-2: OPERATING SURPLUSES AND DEFICITS OF TEN MEMBERS, ACADEMIC YEARS 1967-70.[12]

Rank order of Institutions	1967-68	1968-69	1969-70
1.	$119,586	$ 16,902	$ 18,558
2.	5,697	4,000	2,370
3.	1,000	(13,291)	(15,056)
4.	(16,123)	(25,882)	(15,333)
5,	(22,413)	(44,807)	(128,510)
6.	(26,829)	(205,855)	(147,000)
7.	(28,720)	(241,234)	(206,617)
8.	(66,000)	(261,797)	(223,553)
9.	(181,386)	(318,000)	(250,930)
10.	(245,000)	(355,000)	(384,000)
TOTAL DEFICIT	$ (586,471)	$ (1,465,866)	$ (1,371,000)
MEAN DEFICIT	$ (83,782)	$ (183,233)	$ (171,425)

Notes: Schools are ranked in descending order for each year. Deficits are indicated by parentheses.

TABLE III-3: SOURCE OF INCOME FOR TEN OICA MEMBERS, 1967-70.[13]

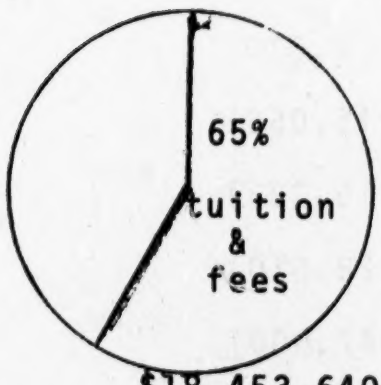
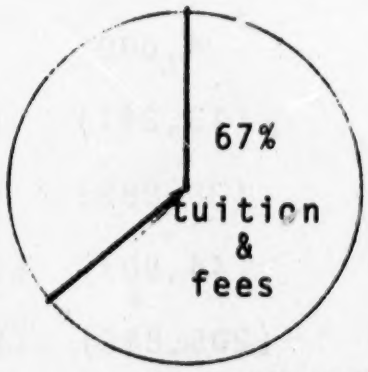
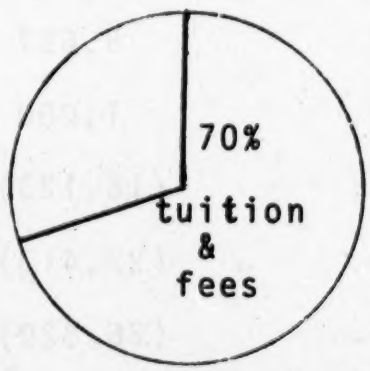
1967-68	1968-69	1969-70
		
$18,453,640	$19,988,000	$22,461,426

Table III-4 presents surpluses and deficits of Oregon independent colleges in terms of percentages of operating budgets. The institutions are arranged in the order of highest operating budget surplus to greatest deficit. Thus the institution that had the largest surplus (2.5%) in 1967 had a deficit in 1968 (611%) and 1969 (4.8%). There is little pattern from year to year, other than an increase in the overall level of deficits (from 5.0% to 7.2%). Further the highest level of deficit rose, from 8.4% in 1967, to 16.4% in 1968, to 17.1% in 1969.

Independent institutions have not depended upon tui-

TABLE III-4

OREGON INDEPENDENT INSTITUTIONS % SURPLUS OR DEFICIT.[14]

Institution/ greatest surplus	1967-68	1968-69	1969-70
1.	+ 2.5%	(6.1)%	(4.8)%
2.	+ 0.2%	+ 0.6%	+ 0.07%
3.	+ 0.1%	+ 0.5%	(11.6)%
4.	(1.1)%	(9.1)%	(8.6)%
5.	(3.9)%	(16.4)%	(17.1)%
6.	(3.89)%	(3.1)%	(3.4)%
7.	(5.4)%	(8.1)%	+ 3.7%
8.	(5.7)%	(6.3)%	(6.1)%
9.	(6.7)%	(5.9)%	(3.3)%
10. Institution greatest deficit	(8.4)%	(8.9)%	(3.3)%
Arithmetic Mean Deficits	1967-68 5.0%	1968-69 7.2%	1969-70 7.2%
Arithmetic Mean Expenditures	$1,891,415	$2,144,297	$2,381,150

tion increases alone to alleviate financial tensions. They have also kept their faculty salaries at a lower level than those paid by public institutions. (See Table III-5). The June 1971 AAUP Bulletin published salary schedules for colleges and universities across the country.[15] Their figures indicate thtt over the past 13 years faculty salaries have increased while the student-faculty ratio has remained virtually constant. Their Appendix A lists salary schedules for 12 two- and four-year institutions in Oregon. (Only three of the 10 OICA members discussed above are listed.) The median or average salary for each college is given, and shows that all State System institutions have higher average faculty salaries than their three private counter-parts that are listed. This quite limited data also indicates that salary levels have increased more at the public institutions than at private institutions.

Table III-6 indicates increases or decreases for the various categories of deficits, expenditures and income between 1968 and 1971. Of special importance are the changes in instructional expenditure, student aid expenditure, gift and grant income, and student aid income.

Table III-5: 1970-71 MEDIAN SALARIES OF FULL-TIME FACULTY.16

Institutions	1968-69	1969-70	1970-71
University of Oregon	$ 13,008	$ 13,700	$ 13, 800
Oregon State University	12,189	12,813	13,800
Eastern Oregon College	10,832	11,468	12,500
Oregon Technical Institute	10,956	11,811	12,500
Portland State University	11,282	12,006	12,400
Sothern Oregon College	10,844	11,791	12,300
Oregon College Of Education	10,811	11,637	12,000
* Reed College	11,080	12,151	11,400
* Lewis and Clark	10,399	11,182	11,300
Southwestern Oregon Community College	9,420	10,168	11,100
Central Oregon Community College	9,988	NA	10,800
* Pacific University	10,201	10,667	10,600
Linfield College	9,685	10,515	NA
* University Portland	9,276	10,391	NA
* Warner Pacific	7,848	10,391	NA
* Willamette University	10,355	11,018	NA

Notes: * indicates Oregon independent institutions.
NA: not available

Table III-6: AGGREGATE CHANGES IN INCOME AND EXPENDITURE CATEGORIES, 10 OICA MEMBERS, 1967-68 to 1970-71.[17]

	category	1967-68 1968-69	1968-69 1969-70	1969-70 1970-71*	1967-68 1970-71*
$	DEFICIT (income and expenditures)	+984,796	-94,892	-757,131	+131,943
$	STUDENT AID EXPENDITURE	+379,557	+492,669	+89,431	+961,657
$	INSTRUCTIONAL EXPENDITURE	+1,612,469	+822,771	+44,759	+2,480,719
$	ENDOWMENT INCOME	+15,788	+189,652	+129,820	+335,260
$	GIFTS & GRANT INCOME	-132,812	-81,327	-439,752	-653,891
$	STUDENT FEES INCOME	+1,275,415	+2,331,034	+1,699,327	+5,205,776
$	STUDENT AID INCOME	+381,213	+65,552	-275,464	+171,271

Note: * means Budgeted for 1970-71

Table III-7 compares the instructonnal expenditure per Full Time Equivalent Student, and the student aid expenditure per Full Time Equivalent Student.

TABLE III-7: INSTRUCTIONAL AND AID EXPENDITURES PER FULL TIME EQUIVALENT STUDENT.[18]

	1967-68	%Δ	1968-69	%Δ	1969-70	%Δ	1970-71 budgeted
Instructional Expenditure FTE	$894.14	+15%	$1,030.12	+6%	$1,094.25	-1%	$1,083.80
Student Aid Expenditure FTE	$239.40	+13%	$270.35	+17%	$314.97	+1%	$320.29

All of the data available on private institutions in Oregon point to one trend -- continuing increases in costs and a continuing need for more funds.

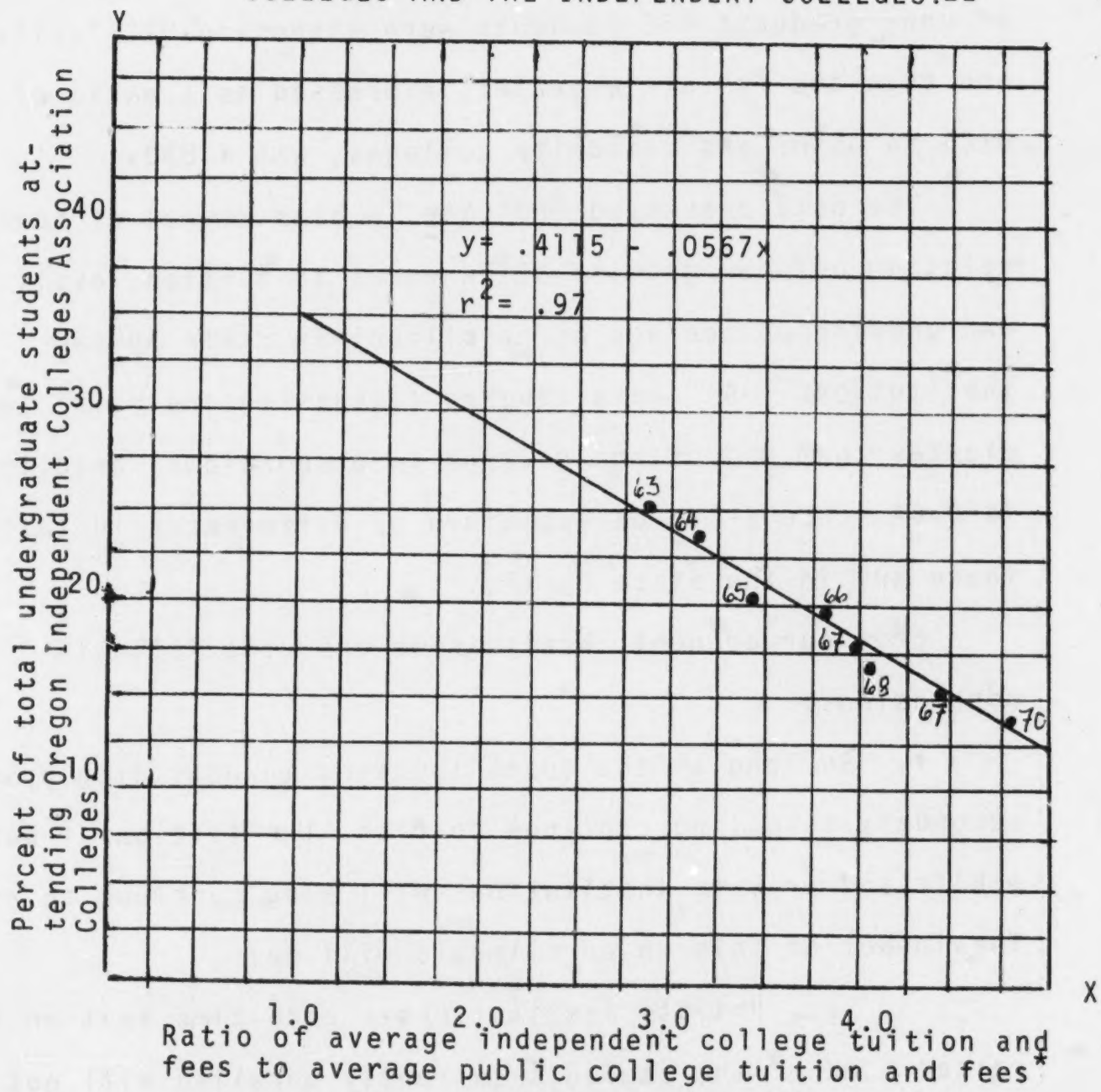
Perhaps the greatest irony apparent in the condition of post-secondary schooling in Oregon is that during the 1970-71 academic year the private institutions had 3,000 openings for students that were not filled.[19] At the same time the State System was requesting additional funds from the State Legislature.[20] This request was in part justified by the need to provide more space for the expected

increases in enrollment the following year.

The fact of these openings, and other considerations, led us to believe that the empty student stations could to a large extent be explained by the differences in tuition and fees between OICA (independent) and OSSHE (tax-supported) schools. We hypothesized that the greater the difference in tuition and fees the lower the percent of Oregon students in the high tuition schools (i.e., OICA schools).[21] To investigate this belief we collected data from each OICA member concerning undergraduate enrollment and yearly tuition levels. Similar data were gathered for State System schools and community colleges.

The calculations have been performed and the correlation between rise in tuition at private institutions and rise in percentage of attendence at public institutions is presented in Table III-8. On the Y, or vertical, axis, the percent of students attending OICA colleges is indicated. On the X, or horizontal, axis, the tuition and fee difference between OICA and OSSHE schools is indicated. With the data plotted in this manner the relationship between student attendance and differences in tuition and fees can be indicated by a single point for any one year. Table III-8 deals with total undergraduate student enrollment at OICA and OSSHE colleges, and the community colleges during the years that the community colleges have been in

TABLE III-8: A TIME SERIES CHART (1963-64 to 1970-71) RELATING PERCENT OF STUDENTS IN OREGON INDEPENDENT COLLEGES TO THE TUITION AND FEE DIFFERENTIAL BETWEEN GOVERNMENT SUPPORTED COLLEGES AND THE INDEPENDENT COLLEGES.22



* Where 1.0 indicates equal tuition and fees at independent and public colleges; 2.0 indicates the tuition and fees at the independent colleges are twice those of public colleges;etc.

operation on a significant scale, 1963-64 to the present. For instance, the plot for 1970 indicates that 14.42% of undergraduate FTE students were attending OICA colleges and that the fee differential, expressed as a ratio of OICA to OSSHE and community colleges, was 4.830.

The data presented indicate a high degree of correlation between growing differences in tuition levels and growing percentage of enrollment in State System institutions. A "least squares regression analysis" indicates that 97% of the decline in proportional enrollment in OICA schools can be explained by differences in tuition there and in the State System.

From our economic analysis we draw the following conclusions:

1. So long as the costs involved in providing post-secondary schooling continue to rise, the tuition at both public and private institutions will also continue to rise. The impact of this on enrollments will be:

a. Private institutions-- each time tuition is raised some of the students currently enrolled will not be able to continue to attend, and some who had planned to enroll in the future (i.e., graduating high school seniors)

will not be able to. The likelihood is that such people will turn to a public institution.

b. Public institutions-- each time tuition is raised some of the students currently enrolled will be unable to continue, and some who had planned to enroll in the future will not be able to. The likelihood is that such people will have no other four-year institution to turn to, and therefore be thrust upon the public community colleges or be excluded from post-secondary schooling for financial reasons.

2. So long as a degree from a post-secondary institution is a primary determinant of an individual's social and economic status in the future, and so long as the manpower needs of our society and economy demand increasing numbers of ndividuals with post-secondary schooling, institutions (as they are now constituted) will need ever increasing amounts of money.

3. The growing deficits under which private institutions in the state operate will worsen, resulting in the disappearance of some of them and increased pressure due to displaced students on the public schools.

SECTION III: FOOTNOTES

1. Earl F. Cheit, New Depression in Higher Education, (draft edition, Nov. 1970), p. I-13.

2. ibid., p. I-1.

3. ibid., p. III-3.

4. William W. Jellema, The Red and the Black: Special Preliminary Report on the Financial Status Present and Projected of Private Institutions of Higher Learning (Washington, D.C., Association of American Colleges, 1971).

5. Cheit, New Depression in Higher Education, ibid, Ch. V.

6. HR 7248 (Rep. Green - D. Ore.); S659 (Sen. Pell - D., R.I.); HR 5191 (Rep. Quie - R., Minn), etc.

7. James M. Buchanan and Nicos E. Devletoglou, Academia in Anarchy (New York, Basic Books, 1970), p. 5.

8. Throughout this study we treat all nine schools that are included in the State System as branches of one educational firm. Section VI of this study, which describes the State System, will make the rationale for this view apparent. Suffice it to say for now that all nine are formally affiliated, and share the same administration, and financial mechanisms and practices.

9. The budgetary information for this study was obtained under the agreement that it would remain confidential and be presented only in aggregate form. We were able to obtain adequate data from only ten of the thirteen private institutions, all of whom are members of the Oregon Independent Colleges Association (OICA). Data was available only for 1967-68 through 1970-71.

10. "At the Brink: Report on the Economic Status of the Profession, 1970-71," AAUP Bulletin, Vol. 57, no. 2 (June 1971), pp. 268,282.

11. John R. Wish, Romney Cooke, Gregory P. Maltby, "W(h)ither the Private College? A Case Study in Oregon" (Eugene, Oregon, Consumer Research Center, 1971) Table 3, Appendix (mimeographed).

SECTION III: FOOTNOTES

12. Survey by Mr. Jim Sullivan, Oregon Independent College Association, 1971.

13. ibid.

14. ibid.

15. "At the Brink: Report on the Economic Status of the Profession, 1970-71" op.cit.pp. 223-285.

16. ibid., pp. 268,282.

17. Survey, Jim Sullivan, ibid.

18. ibid.

19. Statement by Mr. Jim Sullivan, Executive Secretary, OICA, before State and Federal Affairs Committee, House of Representatives, Oregon State Legislature, Salem, Oregon, April 8, 1971.

20. Oregon, Executive Department, Governor's Budget Recommendations, 1971-73 (Salem, Oregon, 1970), p. 82.

21. Wish, et al,"W(h)ither the Private College?...", pp. 2-3.

22. Ibid.

SECTION IV: EQUAL OPPORTUNITY IN HIGHER EDUCATION

Equality of educational opportunity is another topic of much current analysis and investigation. "It is well known," one author has stated, "that children in a well educated, high-income family are more likely to attend college than other children."[1] (See Table IV-1) Nationwide figures (Tables IV-2 and IV-3 on the following pages) show that in the mid-sixties a "dumb" high school graduate from an affluent family had almost as great a chance of being in college as a "smart" high school graduate from a less well-to-do family. To state this another way, there may be a great waste of talent among the lower income groups due to the present financial requirements of higher education. There is effectively no equality of educational opportunity for those below a certain income level.

Further statistical evidence for this inequality of educational opportunity comes from a study done by Hansen and Weisbrod.[5] They studied California populations comparing economic backgrounds of students in college and out of the general population. Table IV-4 shows this comparison. In California, the composition of the student body in post-secondary schooling is deficient in all income groups under $10,000 a year. Hansen and Weisbrod conclude that the low or zero tuition system, as exemplified by the schools within

CHART IV- 1 : High School graduates who entered college within five years after graduation.[2]

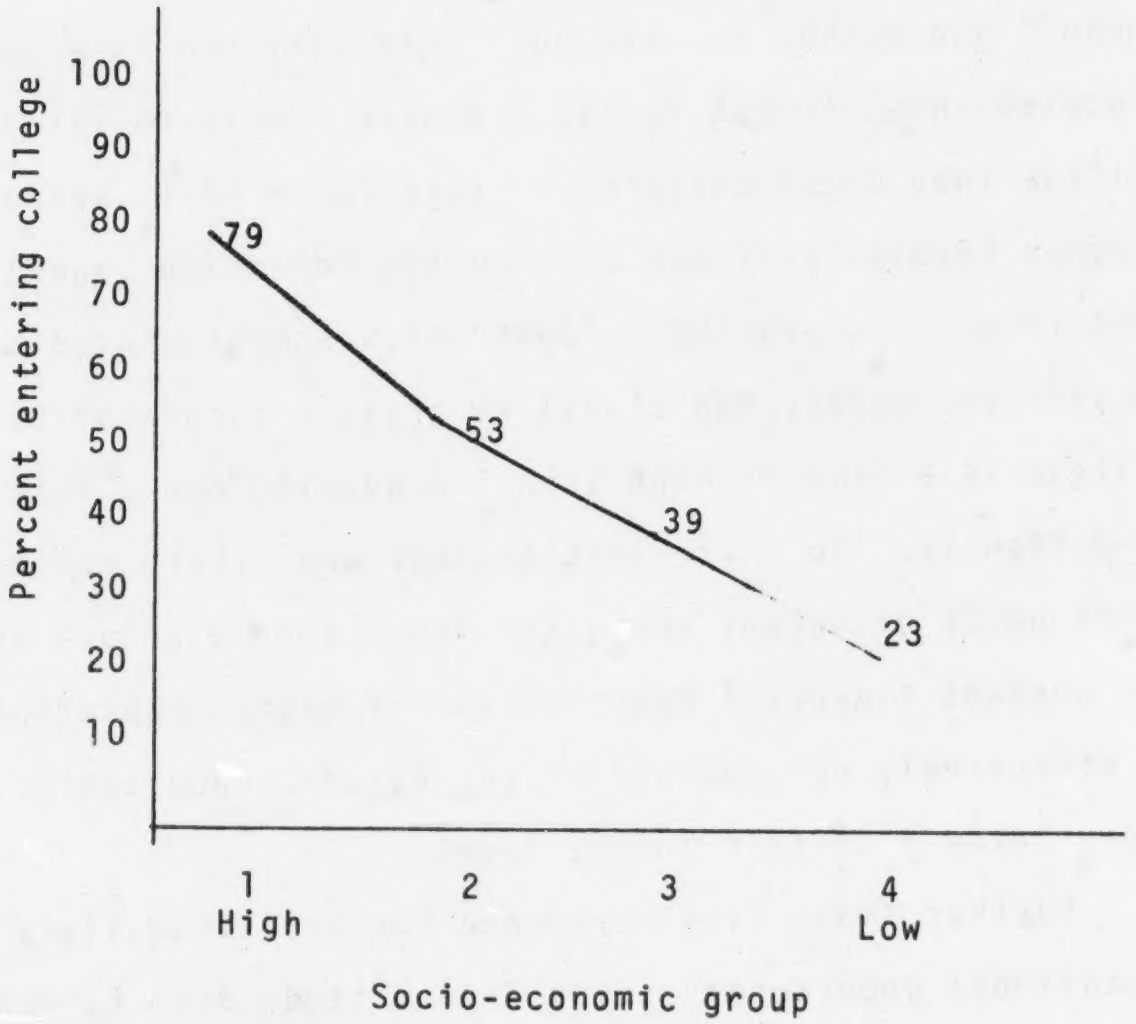


CHART IV - 2 : Percent of high school graduates in the highest or top ability quartile who enter college within five years following graduation from high school, grouped according to socio-economic level of the family. [3]

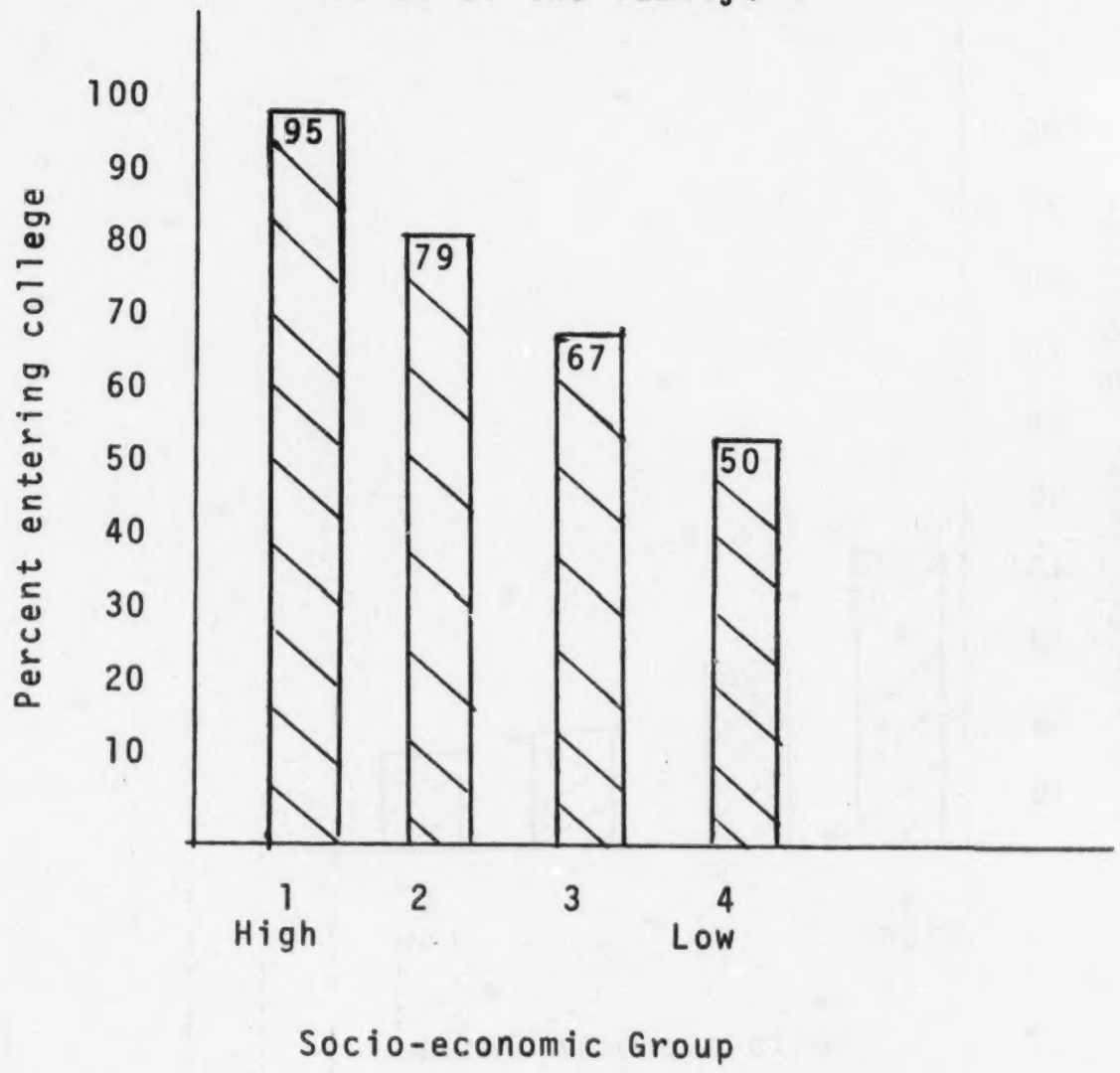


CHART IV - 3 : Percent of high school graduates in the lowest or bottom ability quartile who enter college within 5 years following graduation from high school, grouped according to socio-economic level of the family.[4]

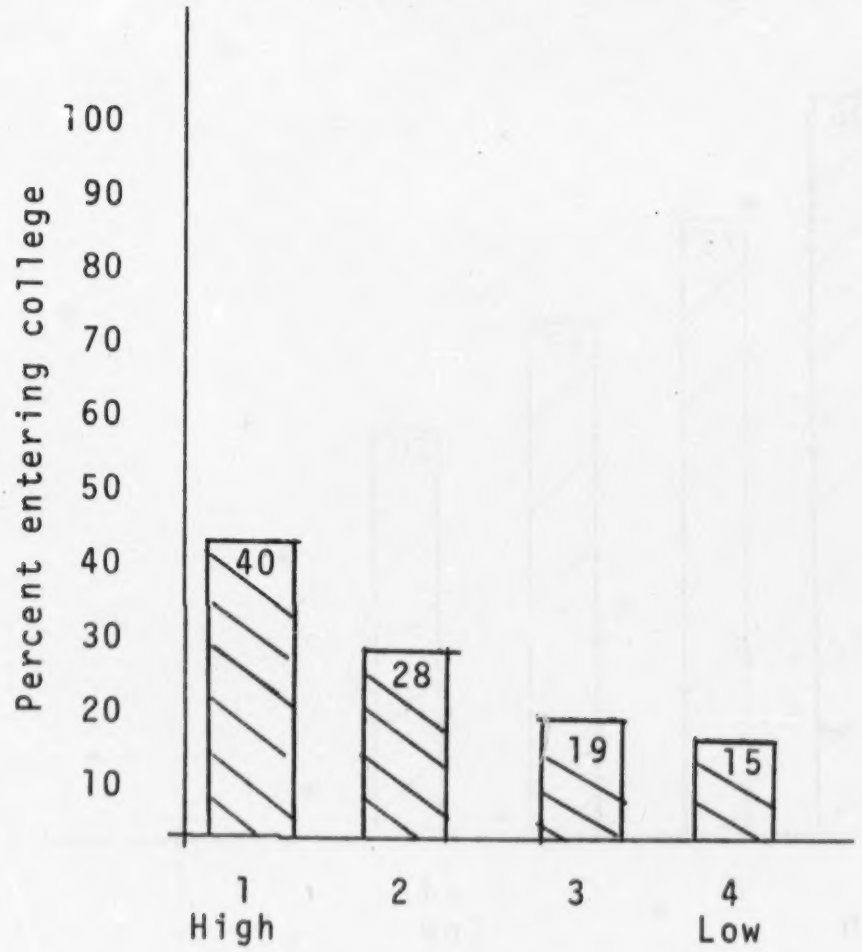


TABLE IV-4: FAMILY INCOME COMPARISONS, STATE OF CALIFORNIA, 1964.[6]

Income Group	All Families	Families without children in public Colleges	Families with children in Public colleges
0-3999	16.1%	17.0%	6.6%
-5999	14.8	14.9%	13.0
-7999	18.9	19.0	17.6
-9999	18.1	18.3	16.4
-11999	12.4	12.1	15.8
-13999	7.4	7.3	8.8
-19999	7.9	7.5	13.0
-24999	1.8	1.6	3.4
Over	2.6	2.3	5.4
totals	100%	100%	100%
Median Income	$8000	$7900	$9560
Under $10,000	67.9%	69.2%	53.6%
Over $10,000	32.1%	30.8%	46.4%

the California State System of Higher Education, leads to a sizeable redistribution of income from poorer families to richer families. This conclusion is based upon figures which show that the families that have children within the California State System have higher average incomes than those families that do not.[6] Joseph A. Pechman argues, however, that this is not valid because Hansen and Weisbrod have misinterpreted the data.[7] Robert W. Hartman maintains that the previous writers have said that the system of public higher education as exemplified by California is (a) regressive and (b) progressive, and that therefore the system should be either scrapped or replicated and broadened. The problem is stated by Hartman:

> ...whether programs of support for higher education at the federal and state levels can be articulated in such a way as to preserve and broaden the social benefits of higher education and eliminate the disgraceful lack of equality of opportunity in the United States. This problem is not easy. It is serious. And no distribution of taxes and benefits is going to help much in providing the answer.[8] (emphasis added.)

While there are no such statistics for students enrolled in Oregon's colleges and universities, there are some on those who are not enrolled, and these are presented on the next page, in Table IV-5.

TABLE IV-5: DISTRIBUTION OF FAMILY INCOMES OF ELIGIBLE STUDENTS NOT GOING TO COLLEGE, STATE OF OREGON, 1969[9]

Income Level	% of Group
0-4999	18.3%
5000-7499	22.5%
7500-9999	25.5%
10000-14999	27.2%
15000 and above	6.5%
total	100%

Median Income	$8621
Under $10,000	66.3%
Over $10,000	33.7%

While the grouping of family incomes differs in the two studies, the percentages of higher incomes vary, and the respective studies were made five years apart, some similarities appear. California's median income for all families was $8,000, but for those with students in college the median was $9,560. Families without children in college had a median of $7,900.

Inequality of opportunity in California is shown by comparing the under $10,000 incomes of all people (67.9%) with the under $10,000 incomes of those without students (69.25%), and then with the under $10,000 income of families with students (53.6%). Inequality of educational opportunity in Oregon is <u>not</u> proven when we see that only 66.3% of the families without students have incomes under $10,000. Oregon may show an increment in income due to the five year difference in the statistics, or Oregon may have a better opportunity in its college system.

However, a study by the Fiscal Committee of the Oregon Legislature of high school graduates of 1969 who did not go on to college concludes that of the 5,508 prospective students 11.5% would have attended college but did not have the money to do so.[10] The report estimates that a $500 subsidy would have been necessary to allow these students to attend.[11]

The fact that equality of access to post-secondary schooling is lacking is not just an indication that some ideal re-

mains unfulfilled. It represents, rather, the greatest challenge to post-secondary schools and to the government and society as a whole. The expanding American economy has held out the promise of prosperity and security for those who will work to achieve it. At present, one of the requirements for economic and social mobility is post-secondary education. If the present inequality of opportunity and lack of access to post-secondary schooling is not remedied, this "greatest challenge" to the schools, government, and society could well become the greatest threat to their continued existence.

The previously mentioned means by which public and private schools are dealing with the financial crisis are doomed to failure, however, for they all work to limit the number of people who have access to post-secondary education. Such actions merely serve to perpetuate the present condition, under which the socio-economic status of an individual's parents is the primary determinant of whether he or she will have access to post-secondary schooling. State and federal subsidized zero or low tuition plans have apparently resulted in regressive taxation, because most of the tax dollars for schooling are spent in such a way that the children of the higher socio-economic groups are in a position to take more advantage of them. Pressures from minority and lower socio-economic groups

are growing for a more democratic allocation of tax funds for education, especially for post-secondary education.

It is imperative that some way be found to provide access to post-secondary schooling for minorities and for whites who cannot at present afford it.

FOOTNOTES IV

1. Roger E. Bolton, "The Economics and Financing of Higher Education: An Overview" in U.S. Joint Economic Committee, The Economics and Financing of Higher Education in the United States, Joint Committee Print, 91st Congress, 1st Session, Washington, D.C., Government Printing Office, 1969, p. 51.

2. Robert H. Berls, unpublished paper based on Project TALENT data, U.S. Office of Education, as reported in Bolton, "The Economics and Financing of Higher Education: an Overview," ibid., p. 62.

3. Ibid.

4. Ibid.

5. W. Lee Hansen and Burton A. Weisbrod, Benefits, Costs and Finance of Public Higher Education (Chicago, Markham Pub. Co., 1969).

6. Ibid., Table IV-7, p. 69.

7. Joseph A. Pechman, "The Distributional Effects of Public Higher Education in California," Journal of Human Resources, Vol. V, no. 3 (Summer, 1970) pp. 361-370.

8. Robert W. Hartman, "A Comment on the Pechman-Hansen-Weisbrod Controversy," Journal of Human Resources, Vol. V, no. 4 (Fall, 1970), p. 523.

9. Oregon Legislative Fiscal Committee, Subcommittee No. 1, "Report of the Legislative Fiscal Committee to the 56th Legislative Assembly" (Salem, Oregon, 1970), Section II, "Student Financial Aids," p. II-26.

10. Ibid., p. II-29.

11. Ibid., p. II-30

SECTION V: THE RELEVANCY CRISIS

Many questions have been raised about the relevance of today's post-secondary schooling. What tasks should post-secondary education try to perform? How should they go about performing them? What should and should not be taught? How should and should not money be spent?

There are many points of view on these questions, and as the funds and other resources available become more scarce the disagreement becomes even more heated. Those who see post-secondary schooling as primarily a means of economic mobility, occupational training, or professional preparation raise objections to expenditures for the fine arts and humanities, considering such things to be "frills" or luxuries. Those who see the university as an institution for social engineering object to large expenditures for inter-collegiate athletics, and for departments of business administration. These are only two of the examples of the divisions of opinion that exist over the proper nature and role of post-secondary schooling. Such divisions have traditionally existed within the academic community itself, and to some extent outside of it. Now, however, with the number of people whose future hinges directly on it this traditional rivalry has been expanded to include more points of view.

Closely connected to these fundamental disagreements are questions that have been raised about such things as the length of various degree programs, the proper roles of teachers and

students in education, and the emphasis to be placed on research at institutions of higher education. Such questions have been raised primarily by the customers of the institutions, the students, and by the employees, the faculty members. But such questions are not limited to campus, as evidenced by demands from tax-paying non-student citizens and legislators that the institutions become more responsive to the needs and desires of the public.

The notion, widely held by citizens and educational professionals alike, that more and better education will come as the result of more schooling of the current style, is debated by Ivan Illich. He states that:

> ...another illusion is that most learning is the result of teaching...(M)most people acquire most of their insight, knowledge and skill outside of school -- and in school only insofar as school in a few rich countries becomes their place of confinement during an increasing part of their lives.[1]

His associate, Everett Reimer, suggests that schools perform four social functions, those of custodial care, social role selection, indoctrination, and education (i.e., the development of skills and knowledge).[2] Reimer doubts, however, that this latter function, that of education, is effectively or efficiently performed in school, and he states "...the real question is whether these things (skills and knowledge) are

learned in school more than they would be otherwise."[3] (emphasis added.)

Charles Silberman's observations of primary and secondary classroom situations serve to highlight many of the problems of today's schools at all levels.[4] His descriptions of the English informal day school model for primary grades, and of similar experiments in the United States, provide examples of innovation and humanizing education. While Silberman's observations concern only primary and secondary classroom situations they are of interest to us in considering higher education because he provides a useful distinction between training and education. Training, he maintains, is a method of acquiring a skill. Education, while including training, is additionally concerned with allowing the individual to develop to the fullest of his or her capabilities.

Experiments utilizing innovative format and methods are frequently involved with extra-institutional (outside of the classroom) education in elementary, secondary and higher education. At the post-secondary level these experimental, non-classroom learning situations are typified by the University of Oregon's Beachhead College,[5] the University of Connecticut's Urban Semester, and the "[illegible]versity Without Walls."[6]

While very little can be said about the quality of education offered by post-secondary schools at present without lapsing into unrestrained subjectivity, there are several aspects of the present situation which have caused intense friction on and off campus.

One of the most commonly heard complaints from students and from some faculty members concerns the undergraduate "lecture" course. These classes typically range from 50 to 500 students, and are held in large rooms. The size of the class makes only one activity really possible -- a one way flow of information from instructor to students. Two way exchanges (such as a student asking a question and receiving an answer) are discouraged by the physical arrangement. Some students have begun skipping lecture classes, making arrangements with friends to borrow the notes they take in exchange for a similar favor in the future. A more extreme solution for the student who dislikes lecture classes is one of the ventures (usually student operated) on some of the campuses that sells notes taken in lecture classes. It is perhaps a great comment on how students feel about their lecture classes; they pay tuition to enroll for them and then buy notes so that they can avoid attending and still pass the course. And it is hard to condemn this situation, for if the class consists only of what a lecturer says it would seem quite logical to hand out copies of the notes to all students who enroll and then test them on those notes at the end of the term. Why take everyone's time with a class three or more times a week?

Another common complaint heard is that the primary concern of some institutions has become research, and that teaching

students has become a secondary activity. This is a complex situation, closely related to the problem of academic tenure. There are indications that the granting of tenure to faculty members is based on his or her research abilities, in a policy of "publish or perish."[7] If faculty promotions, and financial security are primarily the product of research it would come as no surprise to learn that they spend more talent and energy in that pursuit than in the classroom.

The policy of expansion has resulted in the growth of some institutions into "multi-universities" with enrollments upward of twenty and even thirty thousand. This is a development primarily of public systems and institutions. The cause of friction here is that students sometimes object to the bureaucracy necessary to administer so large an operation. Numbers come to replace the student's name, his courses, and the instructors must teach so many students that they do not have enough time left over to devote to individual discussion and instruction. Innovation, by either faculty or students, is disruptive to the complex system required to handle so many students, and is therefore smothered by endless forms and petitions required before one tries to do anything other than what is prescribed. The library shelves or "stacks" are sometimes closed to undergraduates, and if one wants a book he must write a request, and give it to a library worker, who gets it for him. In some schools faculty and graduate students have

a "priority" on library materials, which means that an undergraduate can be forced to return a book before its due date or before he is finished with it simply because a "priority" has been filed. And at some schools faculty and graduate students may check out a book for an indefinite period, making it virtually inaccessible to undergraduates.

Minority students often complain that schools demand that their behavior and their interests conform to middle class white value standards.

These are only some of the complaints heard from students now in post-secondary schools. It must be remembered that these complaints are not presented as widespread or even justified. They are merely complaints commonly heard on many campuses.

It is just as common to leave campus and hear complaints about how easy it is to stay in college without any real effort, about the teachers and administrators who could not make a living any other way so became teachers and administrators, about how wasteful colleges are and that very few college courses are of any real (i.e., practical) value.

So, while it may be impossible to talk in meaningful terms about the quality of education offered by post-secondary schooling, it is possible to state that there are people on and off campus who do not approve of present conditions, practices and subject matters.

However, regardless of how students, faculty, legislators, or other citizens view post-secondary education one reality remains -- the college degree is a primary determinant of an individual's future social and economic status, and the continued operation of post-secondary schooling is necessary to fill the man-power needs of our economic system, with its dependence on a very sophisticated technology. This reality, as pointed out earlier in Section II, allows the decision-makers in the market-powerful public institutions to continue policies that are unpopular with very little interference from citizens or students.

This is not to imply that the solution to this problem will come when the decision-makers are brought to their knees and made to carry into policy the desires of non-student citizens or student citizens. Providing groups with a means of influencing institutions does not mean making them dictators. No single group should be able to dictate the conditions under which post-secondary schooling will operate because so many different groups and individuals depend upon it to do many different things.

Research, professional schooling, technical schooling, academic schooling, providing the means for socio-economic mobility, pursuit of solutions to social problems, providing individuals with the raw materials from which whey may formulate their own view of life -- all of these functions and more are now served by post-secondary schooling. Some, how-

ever, receive more attention and funding than others. All are necessary functions, and it may be that none should be shelved or ignored.

The present system of post-secondary schooling was not designed to serve all of these functions -- and it was not designed to serve any function on so large a scale. The result of this is that few, if any, functions are served properly, and hardly anyone is satisfied with the situation.

FOOTNOTES--SECTION V

1. Ivan D. Illich, Celebration of Awareness (Garden City, N.Y., Doubleday, 1970) p. 187.

2. Everett Reimer, An Essay on Alternatives in Education (Cuernavaca, Mexico, Center for Intercultural Documentation, 1970), p.2/3.

3. Ibid., p. 2/13.

4. Charles Silberman, Crisis in the Classroom (New York, Random House, 1970), Chapters VI and VII.

5. John R. Wish, "Beachhead College," AACSB Bulletin, Vol. 7, no. 1 (October, 1970), pp 70-77.

6. Fred M. Hechinger, "Education Without Walls," Eugene Register Guard, Dec. 28, 1970.

7. A.W.Astin and C.B.T.Lee, "Current Practices in the Evaluation and Training of College Teachers," Educational Record, Vol. 47 (Summer, 1966); Lewis B. Mayhew, Innovation in Collegiate Instruction, Strategies for Change (Atlanta, Southern Regional Education Board, 1967),p.57.

SECTION VI: PUBLIC POST-SECONDARY SCHOOLING IN OREGON TODAY

The institutions that provide post-secondary schooling in Oregon at the present time can be classified in four main categories:[1]

1. Public four year colleges and universities (including their professional schools),
2. Public two year community colleges,
3. Private four year colleges and universities,
4. Private proprietary or vocational schools.

In this section we will examine the structure and conditions of the first two categories, the public institutions.

Public Four Year Colleges and Universities

The Oregon State System of Higher Education consists of nine state supported institutions. These nine include three colleges, three universities, one technical institute, a dental school, and a medical school. The total enrollment in the State System for the academic year 1970-71 was nearly 54,000 (including 5,435 part-time students). Table VI-1, below, presents enrollments and tuition and fees over the past 20 years.

The State System is governed by the Oregon State Board of Higher Education, a nine member panel appointed by the governor to serve staggered terms of six years. The State Board meets as a whole eight times annually. There are four standing

TABLE VI-1

OSSHE Enrollments and Tuition & Fees, 1950-51 to 1970-71[2]

Year	Grad & Undergrad. FTE	Grad & Undergrad. Headcount	Undergrad. Headcount	Undergrad. Resident Headcount	Undergrad. Non-resident Headcount	Undergrad. Non-resident Headcount	Average Resident Undergrad. T & F	Average Non-resident Undergrad. T & F
1950-51		14,294A					$107	$207
1951-52		12,032A					126	232
1952-53		12,026D					141	261
1953-54	11,601S	12,869P					141	261
1954-55	13,122S	13,911Q					141	261
1955-56	15,442S	16,141R					172.5	
1956-57	18,015A						177	
1957-58	19,409A						195	
1958-59	20,770A						204	
1959-60	21,190A						237	
1960-61	22,938A						256.7	
1961-62	27,397A	27,794	25,328G	2,466G	20,945G	4,383F	256.7	
1962-63	29,938A	30,697	27,794E	2,903E	22,770E	5,024F	284.6	
1963-64	31,152A	32,660	29,048D	3,612D	24,429E	4,556E	314.6	
1964-65	32,853G	35,198	30,830D	4,368D	26,793D	4,031D	314.6	
1965-66	37,897G	41,087	35,458L	5,629L	31,012L	4,446L	314.6	
1966-67	40,168B	42,829	36,473K	6,356K	31,991K	4,482K	314.6	
1967-68	42,829B	46,064	38,572J	7,492J	33,844J	4,728J	353.6	
1968-69	46,874B	50,112	41,907I	8,205I	36,586I	5,321I	358.7	
1969-70	50,260B	52,290	44,280C	8,010C	37,421	6,859C	402.3	
1970-71	51,685B	53,778	45,304B	8,384C	40,920B	5,384B	408	

Footnotes:

A. Oregon State System of Higher Education, Office of Institutional Research, "Projected Enrollments Through Year 1974-75," published 1964.

B. Oregon State System of Higher Education, Office of Institutional Research, "Projected Enrollments Through Year 1980-81," published Dec., 1970. Note: FTE data for 1970-71 is footnoted as estimated in the source.

C. Peck, Robert D. "Post-Secondary Enrollment Distributions in Oregon -- Fall, 1969," Educational Coordinating Council, Salem, July, 1969.

D. Oregon State System of Higher Education, Office of Institutional Research, "Report of Final Fall Term Enrollments, Year 1964-65 Compared With Year 1963-64," Jan., 1968.

E. Oregon State System of Higher Education, Office of Institutional Research, "Enrollment Analysis, Fall Term 1963-64 Compared with Fall Term, 1962-63," Oct. 22, 1963.

F. Oregon State System of Higher Education, Office of Institutional Research, "Report of Enrollments, Fall Term, 1964 as of October 10 (Second Week of Registration) Compared With Corresponding Day in 1963," Oct. 21, 1964.

G. Oregon State System of Higher Education, Office of Institutional Research, "Final Enrollment Reports for Year 1962-63 and 1963 Summer Session Enrollments," Sept., 1963.

H. Oregon State System of Higher Education, Office of Institutional Research, "Report of Final Fall Term Enrollments, Year 1970-71 Compared With Year 1969-70," Jan., 1971.

I. Oregon State System of Higher Education, Office of Institutional Research, "Report of Final Fall Term Enrollments, Year 1968-69 Compared With Year 1967-68," Jan., 1969.

J. Oregon State System of Higher Education, Office of Institutional Research, "Report of Final Fall Term Enrollments, Year 1967-68 Compared With Year 1966-67," Jan., 1969.

K. Oregon State System of Higher Education, Office of Institutional Research, "Report of Final Fall Term Enrollments, Year 1966-67 Compared With Year 1965-66," Jan., 1968.

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M. Oregon State System of Higher Education, Office of Institutional "Report of Enrollments, Fall Term (Final), 1950-51," 1951.

N. Oregon State System of Higher Education, Office of Institutiona "Report of Enrollments, Fall Term (Final), 1951-52," 1952.

O. Oregon State System of Higher Education, Office of Institutiona "Report of Enrollments, Fall Term (Final), 1952-53," 1953.

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Q. Oregon State System of Higher Education, Office of Institutiona "Report of Enrollments, Fall Term (Final), 1954-55," 1955.

R. Oregon State System of Higher Education, Office of Institutiona "Report of Enrollments, Fall Term (Final), 1955-56," 1956.

S. Oregon State System of Higher Education, Office of Institutiona "Summary Showing Annual Operating Cost-per-Student, Years Inrough 1960-61," 1961.

All tuition and fee data: Oregon State System of Higher Education, Offi Institutional Research, "Analysis of Student Fee Rates, Years 1932-1970-71, Inclusive," Jan., 1970.

Notes:

Data in sources E, F, G were gathered at the end of the second week
Data in sources C, D, H, I, J, K, L were gathered at the end of Fal
Lack of source footnote indicates calculation from data already lis

committees of State Board members, three of which meet between the regular sessions:

1. Committee on Academic Affairs
2. Personnel and Public Affairs Committee
3. Committee on Finance and Business Affairs
4. Committee on Buildings and Other Physical Facilities

An executive Committee, consisting of the President, Vice-President and two other members of the State Board, may act for the entire Board between regular meetings.

The State Board establishes policies relating to curricula, admission, tuition, staffing, finances, buildings, and plant planning for the individual institution, in accordance with Oregon Revised Statutes 351.060 and 351.070.

The Chancellor is the executive head of the State System and chief executive officer of the State Board. The Chancellor is responsible for enforcing the State Board's decisions, actions, administrative regulations, and business policies. He presents all business and other matters to be considered by the State Board at its regular meetings, special meetings, or committee meetings. The Chancellor has complete authority over selections, appointments, promotions, salaries, transfers, suspensions, and dismissals of all officers, members

of the faculty, and other employees of the State System and its component divisions. This authority is exercised by making recommendations to the State Board, which has the sole power of decision. The Chancellor decides all questions of jurisdiction of the several councils, faculties, and officers in the State System, where this jurisdiction has not otherwise been specifically defined by State Board action.

The State of Oregon began its assistance to higher schooling on October 27, 1868, when the legislative assembly designated Corvallis College (now Oregon State University) the agricultural school for the state. In taking this action the legislative assembly was responding to the federal government's Morrill Act (1862), which provided for the establishment of land-grant institutions.

During the following 70 years, numerous academies and colleges were established in Oregon by religious groups and interested communities. At least nine of these schools were, at some time or another, recognized as state instituions, seven of which were designated normal schools. Six of the nine original state supported institutions exist today in the form of a land-grant university (Oregon State University), a liberal arts university (University of Oregon), a medical school and three regional colleges (Eastern Oregon College, Southern

Oregon College, Oregon College of Education). Since 1932, three other institutions have joined the State System: a dental school, an urban university (Portland State University), and a technical institute (Oregon Technical Institute).

Legislation establishing the original schools did not provide for or require mechanisms for cooperation among these institutions. Schools to be supported by the state were selected without the benefit of long range planning. One of the results of this is that today six of the nine State System schools are grouped along a 120 mile line, beginning at Eugene and running north to Portland.

The first attempt to coordinate the administration of the state institutions came in 1907, when the four existing normal schools were placed under the authority of a single Board of Regents. Separate boards administered the schools at Corvallis and Eugene. In 1909 the Legislature established the Oregon State Board of Higher Curricula. This board's primary objective was to define courses of study to be offered in Oregon's two major institutions in order to prevent duplication of curricula. This board, which functioned until 1929, is primarily responsible for the differentiation of

institutional functions which is strongly in evidence today.

In 1929 the Legislature abolished its contemporary mechanism of administration and provided for the establishment of a single nine member board to be designated the Oregon State Board of Higher Education. This Legislature also requested the U.S. Office of Education to conduct a survey of higher schooling in Oregon. The State Board was organized in 1932, with its purpose generally defined as:

1. To secure more effective expenditures of public funds
2. Prevent undesirable duplication of higher schooling offerings
3. Conclude and prevent inter-institutional rivalries.

Today, in addition to administering the nine State System schools, the State Board centrally operates the Division of Continuing Education and the Division of Teaching Research. The Division of Continuing Education has the function of extending the educational resources of the State System beyond the nine campuses. However, 1971 Legislative action called for a cutback in DCE and required that it become self-sustaining. The Division of Teaching Research does extensive studies and research concerning improved methods, devices, and aids to teaching and learning.

The State System institutions represent a total plant

investment of $195 million. These physical facilities contain 13 million square feet, with a net assignable area of 7.7 million square feet. More than 35% of this floor space has been added by capital construction since 1960.

In terms of personnel resources, the State System is staffed by 14,243 employees, 3,801 full time academic faculty members, 513 administrators, and 6,052 non-academic staff (plus graduate teaching and research assistants, and part-time employees).

Taxable income to the State System takes three distinct forms: General Fund, which is money allocated by the Legislature to the various state operated functions of health, education, etc.; Other Funds, which is money allocated for specific programs; bonded indebtedness for capital expenditure.

Oregon is constitutionally bound to maintaining a balanced budget, consequently competition between functions for the limited funds available is keen, for an increase in the allocation to one area means a reduction somewhere else. Currently the various forms of allocations for all types of schooling represent slightly over half of the total state budget. The subsidy to the State System is about $65 million per year. As shown in Table VI-2, the average subsidy for each student's education is approximately $1,600 a year. The

TABLE VI-2 OSSHE DATA, 1970-71.[3]

Name and Location	Enrollment	FTE Students	Current Tuition per year (Resident)	
University of Oregon Eugene, Oregon	15,351	13,729	$408	$
Oregon State University Corvallis, Oregon	15,248'	14,722	$408	$
Portland State University Portland, Oregon	11,356	9,206	$408	$
Oregon College of Education Monmouth, Oregon	3,724	3,415	$408	$
Eastern Oregon College LaGrande, Oregon	1,726	1,536	$408	$
Southern Oregon College Ashland, Oregon	4,433	3,894	$408	$
Oregon Technical Institute Klamath Falls, Oregon	1,399	1,284	$408	$
University of Oregon Medical School Portland, Oregon	930	901	$768	$
University of Oregon Dental School Portland, Oregon	412	407	$768	$
Total	54,579	49,144		$1

manner in which we determined this figure is of some importance.

Willams states, "Perhaps the simplest, and certainly the most misleading, method of computing cost of the education of one student is to divide the total educational and support budget of a university by the total enrollment to secure the average cost per student." [4] He continues to say that unit cost of instruction varies in two major ways:

1. According to class level -- the higher the level of instruction the more expensive it is, i.e., graduate schooling is more expensive than undergraduate schooling.
2. According to department and curriculum -- different types of schooling require different equipment and facilities, i.e.,it is more expensive to school a student in biology or chemistry than in English or history.

The factors that Williams corsiders most important in determining cost per student are (a) direct instructional cost, including faculty salaries, wages, supplies, services, share of administration, and (b) indirect costs, including library expense, museums, registrar's office, counseling, building maintenance, utilities, insurance, and retirement benefits.

Harris states, "Unit costs are commonly defined as instructional and general current expenditures distributed over some measure of 'output' such as full-time students.." [5] In addition, Calkins writes, "Studies of unit costs of higher education should consider size, program difference, quality differences and differences in educational outcomes." [6]

We arrived at our figure of $1,660 per student per year by the method which Williams above describes as the simplest and most misleading. Undoubtedly, it would be desirable to follow some of the suggestions of Williams, Harris, and Calkins, but to do so involves confusion and frustration, for everyone treats each of the multiple variables in different ways. The variables pointed out above are elusive and difficult to account for. How is one to deal with the number of undergraduate students enrolled in graduate level courses, for the fact is that the only difference between (say) a graduate and undergraduate history course is the number designation. Classes such as History 408 and 508 are commonly the same class, in the same room, at the same time, with the same instructor and the same requirements for credit. The only difference being that graduate students enroll in 508 and undergraduates in 408.

And while a "biology student" may cost more to school than a "history student," the reality of the matter is that

most students on the undergraduate level are both! Merely because a student majors and graduates with a degree in history does not mean that he or she did not utilize the facilities of the Biology Department. There are some obvious differences in program costs, e.g., an electron microscope costs more than a set of new blazers of the football team to wear while traveling to play other schools, which costs more than a wall map that shows the political boundaries of the United States between the Mexican War and the Civil War. But such glaring differences can be just as misleading as dividing the total budget by the total number of students. Such variables as "quality differences" and "differences in educational outcomes" are largely subjective, and cannot at present be dealt with mathematically.

For the purposes of this study we must confine ourselves to more substantial considerations. We have decided to use the "simple" and "misleading" approach because "precise" data is not available or even possible to extract at this time.

In calculating the average cost per student per year we have used only those fund amounts that are allocated for instruction related activities within the State System.

According to the State System budget summaries for the fiscal year ending June 30, 1970,[7] the amount allocated from

the General Fund to the public four-year colleges in the current biennium is $126,160,746. This total is broken down to $60,270,997 for the 1969-70 academic year and $65,889,749 for 1970-71. The increase of $6,827,182 for 1970-71 is accounted for by inflation, added numbers of students, operation of new buildings, further program development at Portland State University, academic staff salary adjustments, other staff salary adjustments, and other necessary increases.

The total estimated resources for 1970-71 according to the State System budget are $188,713,862, excluding capital construction. However, $26,335,978 of this total is allocated for the State-Wide Public Services Account, which includes Crippled Children's Division, Teaching Hospitals and Clinics, Federal Cooperation Extension Service, Forest Research Laboratory, and the Agricultural Experiments Station.

The Educational and General Services Account of $161,754,921 includes all funds for the operation of the nine State System schools, the Division of Continuing Education, Teaching Research, centralized activities of the State System, Western Interstate Commission of Higher Education, and State Board reserves. This account is further broken down into five sources of funds, including:

1. Gifts, Grants and Contracts -- these are two self-sustaining categories, totalling $37,308,795 and accounting for 19.7% of the total resources.

2. Auxiliary Fund Accounts -- this as also a self-sustaining category which totals $21,657,989 or 11.3% of the total resources. This includes income from residence and dining halls, incidental fees, gym suit service, health service, married student housing, property rentals, student union activities, and inter-collegiate athletics.

3. Operating and Service Accounts -- this account totals $14,065,786 and accounts for 7.5% of the total resources. This includes income from self-sustaining activities including sales, services, as well as publications, medical school laboratory services, etc.

4. Student Fees -- student fees account for $22,710,038 or 11.7% of total resources.

5. State General Fund Appropriations -- General Fund appropriations total $65,916,894, or 35% of the total resources. For our purposes, however, we are only interested in the instructional related activities, which are allocations to the nine institutions from the $89,345,332 General Fund budget for such things as faculty salaries, wages, supplies, main-

tenance, library expenses, etc. We do not use the term used in the budget document, "Budgeted Expenditure Accounts," because the entire sum under that heading does not correspond to the instruction related activities. We have, however, followed the State System budget procedure of assigning the total State General Fund appropriation under this heading to what we call instruction related activities. Student fees, then, account for 25.5% of the instructional related activities in the 1970-71 State System budget.

The General Fund expenditures for Educational and General Services support the nine state campuses for instructional related activities. Budgeted expenditures for these activities are shown below in Table VI-3 for each of the nine individual campuses.

The budgeted expenditure per student in the above table is computed by dividing the instructional related activities expenditures for the nine campuses by the number of full time equivalant students. This table indicates that expenditures per student (with the exception of those at the medical and dental schools) varies from $1,310 to $2,240 for the current year.

TABLE VI-3 : Budget Expenditures for Instructional Related Activities for the Nine State System Schools and Budget Expenditure per FTE Students. 8

	Amount	FTE Students	Budgeted Expenditures Per Student
University of Oregon	$21,990,030	13,723	$1,600
Oregon State University	$23,154,089	14,772	$1,560
Portland State University	$14,267,285	9,206	$1,540
Oregon College of Education	$ 4,405,771	3,415	$1,310
Southern Oregon College	$ 5,110,991		$1,310
Eastern Oregon College	$ 2,294,134		$1,400
Oregon Technical Institute	$ 2,793,614		$2,240
University of Oregon Medical School	$ 5,275,726		$5,860
University of Oregon Dental School	$ 2,168,836		$5,330
	$81,515,531*	49,144	

* The difference between this total and the $89,345,3[illegible] is expenditures for Division of Continuing Education, Teaching Research, Centralized Activities, WICHE, and Boards Reserves.

Public Two-Year Community Colleges

A Community College is defined by Oregon Revised Statutes, 341.005, as,

> A public secondary school established by a school district or by an area education district for the purpose of providing courses of study limited to not more than two year's full-time attendance and designed to meet the needs of a geographical area by providing educational services, including but not limited to vocational or technical education or lower division collegiate programs.

There are currently twelve Community Colleges in Oregon with an enrollment of over 90,000 students in 1970-71.

The formation of an area education district requires the qualified voters to present a petition to the Oregon State Board of Education requesting such information. If the Board approves the formation of such a district, elections are held to consider the formation and establish a tax base. At the same election the first board of education for the proposed district is to be elected. This board consists of "seven qualified members to serve terms of four,four, three, three, two, two, and one years, respectively, in accordance with the number of votes each receives." (Oregon Revised Statutes, 341.005)

A community college may be established upon approval of the State Board of Education and may contract with other districts or the State Board. The board of a district may award certificates and associate degrees which indicate satisfactory completion of a course of study which was offered by the particular community college. (ORS 341.005)

Admission to a community college is dependent upon the judgment of its operating district's administration as to the capacity of the applicant or whether the applicant is a high school graduate. Admittance is also granted to "qualified high school students."

It is intended that students should live within the district that operates a particular community college. However, any school district that does not operate a community college may contract with one that does and therefore provide its students with access to a community college. Two operating districts may also contract with one another in a student exchange program.

According to Jencks and Reisman, there are four principle groups of students who attend community colleges:

1. those who do not want to go away to college,
2. those who cannot afford to go away to college,
3. those who want less than four years of higher education,
4. those whose high school records bar entry into institutions of higher education.[9]

We feel, however, that this is an incomplete list, and that students who desire an educational experience on a smaller and less populated scale, those who seek vocational and technical training, and those who intend to enroll in lower division collegiate transfer programs should also be included.

The "Newman Report" points out an interesting trend in community college attendance: the sons and daughters of unskilled, semi-skilled and skilled workers are more likely to attend a community college, while the children of the middle and upper classes are more likely to attend a four-year public or private institution.[10]

The programs offered by community colleges in Oregon are classified as follows:

1. Lower division collegiate -- courses which, upon approval of the State Board of Education, are transferable to Oregon four-year institutions and applicable toward a bachelors degree.
2. Vocational education --
   a) Vocational preparatory courses -- courses designed to supply initial preparation for a specific vocation.
   b) Vocational supplementary courses -- courses designed to supply additional training for a specific vocation.

3. Other Reimbursable -- courses designed as sources of self-improvement, such as classes for expectant mothers.
4. Non-Reimbursable -- courses designed to supply information in hobby and recreational areas, such as gardening, pottery making, etc.

A full time student at an Oregon community college is defined as one who:

1. If enrolled in lower division collegiate courses is taking at least 15 credit hours per term, or
2. If enrolled in classes for vocational training is taking approximately 225 clock hours per term.

There are four main sources of financial support or operating revenue for community colleges for the 1969-70 academic year, as follows:[11]

Category	Amount	Percentage
State Funds	$11,582,071	36.09%
Federal Funds	$1,039,077	3.24%
Tuition and Fees from resident students	$5,168,205	16.11%
Local taxes and other sources	$14,299,612	44.56%
Total	$32,088,965	100.00%

Apportionment of state aid, as raised by the 1971 Legislature from the 1969 amounts, is referred to in ORS 341.625. Aid is to be distributed to each of the operating districts of approved community colleges in an amount equal to the sum of:

1. $701/ equivalent full-time students for the first 500 such students enrolled in the community colleges;
2. $579/equivalent full-time students, for the next 400 such students;
3. $528/equivalent full-time students for each such student over a total of 900.

Funds are available to community colleges under ORS 341.625 for the following:

1. Vocational education
2. Technical training
3. Lower division collegiate schooling
4. Other education courses

According to the Oregon Board of Education, the allowabl expenditures for Operating Expenses include the following:[12]

1. Administration: Those activities which have as their purpose the general direction and control of the affairs of the community college that are system-wide. Included here are the governing board's expenses, president's office, business

office, legal counsel and auditing, and elections.

2. Instruction: Those activities dealing directly with the teaching of students or with improving the quality of teaching. Included are the registrar's office, supervision of instruction, guidance and counseling, and library services.

3. Research: Expenditures incurred by reason of systematic processes of inquiry that require utilization of research techniques. This does not include improvement of instruction activities which should be charged to instruction.

4. Public Information: Expenditures for those activities which are primarily to serve the general public, except costs of publishing budgets and notices of elections.

5. Operation of Plant: Expenditures for the housekeeping activities that keep the physical plant open and ready for use.

6. Maintenance of Plant: Expenditures for those activities to keep the grounds and buildings at their original condition of completeness or efficiency either through repairs or replacement of property.

7. Fixed costs: Expenditures of a generally recurrent nature which are not readily allocable to enter expenditure classifications. Included are: retirement contribution, insurance, judgments, rental expenses, and interests on loans.

All of the above classifications are included to comprise the Approved Operating Costs.

Operating expenses for the state's 12 community colleges in the 1969-70 biennium totaled $25,137,708 for approved appropriation. The Governor's budget recommends $35,464,706 in state support for the 13 community colleges (including the new Rogue Valley Community College). The recommended annual amounts are:[13]

	1971-72	1972-3	Combined 1970-73
Projected FTE	31,657	35,440	67,097
Recommended total State support	$16,789,386	$18,673,320	$35,464,706

For the 1971-73 biennium, $2,029,077 is the proposed amount of federal aid to be allocated to community colleges. This is an increase of approximately one million dollars over the 1969-70 allocation of federal funds. Federal funding coming from (at least, in the past) the Federal Vocational Education Act, makes up the additional money which accounts

for the higher rate of reimbursement received for vocational education students. Federal funding per vocational full-time equivalent student averages $86.76. The instructional expenditure per full-time equivalent student during 1969-1970 was $771.

Enrollment of students in Oregon community colleges has increased tremendously since their introduction. During the period 1964-69 alone community college enrollment increased 386%. Enrollment of full-time equivalent students in community colleges has increased from an average of 219 per term in 1960-61 to21,859 in 1969-70.[14]

TABLE VI-4

Oregon Community Colleges, Fall Term FTE Enrollment and In-District Tuition and Fees, 1963-64 Through 1970-71[16]

		1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1070-7
Blue Mountain	T&F	225	240	240	240	270	270	270	315
Central Oregon	T&F	240	270	270	270	270	285	285	285
Chemaketa	T&F								270
Clakamas	T&F					180	180	180	240
Clatsop	T&F	255	300	300	303	285	300	300	300
Lane	T&F			165	165	165	165	190	210
Linn-Benton	T&F					180	180	216	216
Mt. Hood	T&F					180	225	225	225
Portland	T&F		180	180	180	180	225	225	240
Southwestern	T&F	270	270	270	270	270	270	270	270
Treasure Valley	T&F	225	225	240	240	240	240	240	240
Umpqua	T&F			270	270	270	270	270	285
Total FTE Enrollment		3,852	4,914	7,833	11,121	14,547	17,914	21,859	27,580

FOOTNOTES--SECTION VI

1. Post-secondary proprietary schools, the fourth, will be included in a later report.

2. John R. Wish, Romney Cooke, Gregory Maltby, "W(h)ither the Private College? A Case Study in Oregon," (Eugene Oregon, Consumer Research Center, 1971) mimeographed.

3. Oregon, State System of Higher Education, Operating Budget as of July 1970 for the Fiscal Year Ending June 30, 1971 (Salem, Oregon, 1970), p. 1. Enrollment figures are higher than those presented in Table VI-1 due to the inclusion of part-time, medical and dental students.

4. Robert L. Williams, "The Cost of Educating One College Student," Educational Record, Vol XLII (Oct., 1961), p. 322.

5. James Gordon Harris, "Curricula Costs in Oregon Community Colleges" (unpublished Ph.D. dissertation, University of Oregon, 1970), p.6.

6. Robert N. Calkins, "The Unit Costs of Programs in Higher Education" (unpublished Ph.D. dissertation, Columbia Univ., 1963), as quoted in Harris, "Curricula Costs...," ibid. p.7.

7. Oregon, State System of Higher Education, Operating Budget as of July, 1970..., op.cit.

8. Ibid., p. 3.

9. Christopher Jencks and David Reisman, Academic Revolution (Garden City, N.Y., Doubleday, 1968), p. 485.

10. U.S. Department of Health, Education, and Welfare, Office of Education, Report on Higher Education, Frank Newman, Chairman (Washington, D.C.: Government Printing Office, 1971), p. 59.

11. Oregon, State Board of Education. Files compiled by the State Board of Education (Salem, Oregon, Selected data supplied by Mrs. Dorothy Langley, Feb., 1971), Table X.

FOOTNOTES (continued)

12. Ibid., Table VII, footnotes

13. Oregon, Legislative Assembly. Fiscal Committee, Analysis of the Governor's 1971-73 Budget Report (Salem, Oregon, Legislative Fiscal Office, 1971) p. 27-4.

14. Robert D. Peck, Enrollment in Oregon's Public and Independent Colleges and Universities, Actual and Projected Enrollments, 1960 Through 1980(Salem, Oregon, Educational Coordinating Council, 1970) p. 8.

15. John R. Wish, et al, "W(h)ither the Private College?..." op.cit.

SECTION VII: THE CONCEPT OF A VOUCHER SYSTEM

The present system of post-secondary schooling is proving inadequate to cope with the demands placed upon it. With a few notable exceptions, the tactics used by institutions to alleviate their problems can really only aggravate the situation. If the manpower needs of our socially and economically complex way of life are to be satisfied, limitations placed on the number of students who can attend are short-sighted, whether these limitations come in the form of enrollment ceilings, tuition raises, halting of expansion necessary to accomodate applicants, or cuts in the sizes of faculties. Such measures are "penny wise and pound foolish." Further, pressure from minority and lower socio-economic groups, for whom access to post-secondary schooling means future social and economic mobility, is sure to cause the failure of these current tactics of austerity. Contemporary institutions are caught between ever increasing demands for more schooling and fund raising mechanisms which increasingly provide less money.

Discussions about specific changes and innovations that will be made in post-secondary schooling are at present speculative. The future of such things as academic tenure, "publish or perish," and overcrowded lecture classes is un-

certain. What is certain, however, is that POST-SECONDARY SCHOOLING MUST ASSUME A FORM THAT WILL PROVIDE WIDE ACCESS TO DIVERSE TYPES OF KNOWLEDGE AND TRAINING FOR LARGE NUMBERS OF STUDENTS FROM ALL SOCIO-ECONOMIC LEVELS. And all of this must happen on a scale of financial support that is within the ability of tax-payers to provide without hardship. It is obvious that the current system of post-secondary schooling cannot do this.

Grants and loans to individuals for the purpose of post-secondary schooling have been discussed in several states. Recently the voucher system has had little discussion and consideration in connection with higher education. The Wisconsin Governor's Commission report[1], however, recommended that a voucher plan for higher education in that state be phased in at all four-year public institutions over a four year period. New York State has published a report on vouchers for post-secondary schooling which recommends a voucher system to achieve the goals of equality of opportunity, efficient use of funds, and fulfillment of the needs of low-income students.[2] The Governor of Ohio has recommended a deferred tuition plan for post-secondary schooling in that state.[3]

The idea of long term loans was first widely publicized in 1967. The Panel on Educational Innovation proposed long-

term loans for students, to be repaid over thirty years at the rate of 1% of the borrower's gross income for each $3,000 borrowed.[4] Such a proposal could be considered as a complement to a plan for educational vouchers. Senator Pell (D-RI) has proposed a plan whereby "many of the nation's 5 million college undergraduates would be eligible for up to $1,200 a year federal tuition aid." He estimated that his plan would cover all "students from families with incomes of less than $10,000 annually."[5] These grants to students would be inversely related to family income as determined by the annual income tax return.

We feel that such means as vouchers and long term loans are by far the better way to meet the financial crisis faced by post-secondary schooling. We have tentatively concluded that in Oregon a voucher plan (especially if accompanied by a deferred tuition loan plan) could not only alleviate the financial crisis faced by post-secondary schools in the state, but could also serve as a framework from which current shortcomings of post-secondary schooling might be solved, including the inequality of opportunity now present. We see vouchers for undergraduate education and deferred loans primarily for graduate school.

Government funds which are now primarily allocated directly to institutions and used to subsidize instructional costs

would be allocated to individual students in the form of grants-in-aid (vouchers). The student, regardless of his social or economic background, would thus have the financial power to buy whatever type and amount of education he desired, and buy it from any institution, public or private. Such a system would facilitate the development of a competitive educational market place, and lead to a more efficient utilization of available resources. The development of such a market place could also give institutions some incentive to be more responsive to the needs and desires of its consumers.

Basic Voucher Models

The Office of Economic Opportunity has sponsored a study of educational vouchers for primary schools.[6] The resulting report discussed the seven following voucher models:

1. Unregulated Market Model: The value of the voucher is the same for each child. Schools are permitted to charge whatever additional tuition the traffic will bear. ("Additional tuition" refers to any amount higher than the value of the voucher.)

2. Unregulated Compensatory Model: The value of the voucher is higher for poor students. Schools are permitted to charge whatever additional tuition they may wish.

3. Compensatory Private Scholarship Model: Schools may charge as much tuition as they like, provided that they give scholarships to those children unable to pay full tuition.

Eligibility and size of scholarships would be determined by an "educational voucher authority," which would establish a formula showing how much families with certain incomes would be charged.

4. The Effort Voucher Model: Establishes several different possible levels of per-pupil expenditure and allows a school to choose its own level. Parents who choose high-expenditure schools are then charged more tuition (or tax) than parents who choose low-expenditure schools. Tuition or tax is also related to income, in theory the "effort" demanded of a low income family choosing a high-expenditure school is the same as the "effort" demanded of a high-income family in the same school.

5. The "Egalitarian" Model: The value of the voucher is the same for each child. No school is permitted to charge any additional tuition.

6. The Achievement Model: The value of the voucher is determined by how much progress the child makes during the year.

7. The Regulated Compensatory Model: Schools may not charge tuition beyond the value of the voucher. They may "earn" extra funds by accepting children from poor families or educationally disadvantaged children. (A variant of this model permits privately managed voucher schools to charge affluent families according to their ability to pay.)

The Wisconsin Governor's Commission on Education has suggested a variation of the "regulated compensatory model" in its report to the Governor. The plan is called the Higher Education Opportunity Program and consists of:

1. Adopting a voucher system for higher education whereby qualified Wisconsin high school graduates may attend any accredited non-profit school, college, or university -- public or private -- subject to the enrollment limitations and other requirements of the school, on the basis of the student's ability to pay. All students will receive a $500 basic grant and a supplementary grant based on determination of financial need and ability to pay. Institutions will collect full tuitions from the students rather than receiving appropriations for instructional costs from the legislature. Students will be required to furnish at least $400 from summer earnings toward the cost of their education.
2. The phasing in of the program over a four-year period, beginning with the 1972-73 freshman class.
3. Including in the program students attending technical colleges, but authorizing them to initially pay the present level of tuition. Tuition payment

> by all students should be increased on a phased basis until, by 1980, the payment will be relatively equal to that at other institutions of higher education.[7]

This Wisconsin program is one of the few suggested alternatives that proposes to charge students full cost tuition, i.e., a tuition equal to the cost of the instruction received. Many people currently involved in the administration of post-secondary schooling, including those who write on the subject, have ignored the possibilities of such a program.

The impact of full cost tuition would be to increase the tuition now charged at public institutions. This increase would result in a more equal competition between public and private institutions. This increased tuition could be brought within the student consumer's ability to pay by a system of grants and loans.

Full cost tuition, then, when accompanied by grants and loans for students, would give more students the choice of attending private schools. If students chose to take advantage of such an alternative, some of the crowded conditions at the public institutions could be alleviated, and at the same time the private schools, now in danger of bankruptcy, could be saved.

Those who do not pay the full cost of their schooling often

have little idea of the amount of money involved in providing it. It has been suggested that a full appreciation of the cost of education might encourage students to make more rational and realistic choices.[8]

One way to bring about a condition of full cost tuition would be to pass legislation stating that every post-secondary institution must charge its students the full cost of their education. Such legislation could be similar in working and intent to the Robinson-Pactman Act, which requires businesses to charge prices at least equal to production costs.

At the primary and secondary level voucher proposals have met with stiff opposition from many groups, including the National Educational Association, the American Federation of Teachers, and the American Humanist Association. An application of the voucher concept at the post-secondary level, however, eliminates some of the problems encountered at lower levels. In higher education such considerations as busing and neighborhood school concepts are irrelevant, or at least conceptually different. Nonetheless, there are several basic issues involved in vouchers for post-secondary education that remain to be discussed. Previous discussion of such problems, fortunately, has not appeared to follow party lines, nor has it seemed to follow liberal/conservative lines. Dispute over

vouchers (assuming a regulated model is under discussion) has centered on the following kinds of questions:

1. Is it important for an individual to have more choices about the kind and amount of education he or she wants to receive?

2. Can individuals make "wise" choices if given alternatives?

3. What will protect the individual from the "hucksterism" of the competitive would of business, which might occur under a voucher system?

4. Is it important that private institutions survive?

5. Is the principle of the separation of church and state violated by a voucher system at the post-secondary level?

6. Will compensatory, sliding scale vouchers and loans be enough to significantly aid the disadvanteged student in obtaining post-secondary education?

7. How can a vouchar system improve the quality of higher education offerings?

In attempting to answer such questions as these it must be made clear that any reply given is subjective and rests on the value judgments made by the people answering. In the absence of a controlled experiment there is no way to answer these questions empirically.

The Importance of Educational Alternatives

In our society the development of an individual's capabilities to the fullest possible extent is generally accepted as desirable. Since talents, potential abilities, needs, and desires vary greatly among people it follows logically that a variety of post-secondary educational experiences is necessary to allow the fullest development of each. Our society requires an individual to remain in attendance at public school until some age or level of achievement is reached. Beyond these prescribed points the choice is left to the individual. He may choose not to pursue any formal post-secondary education, or he may choose--within the limits of his finances and abilities -- to attend some school, public or private, which he perceives as fulfilling his needs.

At the present time there are many conditions which limit the choices available to those seeking formal post-secondary schooling. Educational "experts" have largely determined the nature of the schooling that is available. The government offers substantial subsidies to the state-owned higher education firm, allowing it to charge a lower price for this "expertly" designed product. The individual student consumer has been limited in the choices available to him because of

this financial structure, which allows certain subsidized "firms" to greatly undersell all others. Using the money now allocated for subsidies to state institutions as a source of revenue for grants and loans to individuals would give the student consumer the financial ability to attend any institution -- public or private -- that he or she feels would be appropriate to attend. Like the educational provision of the G.I. Bill of Rights, a voucher system would give money to students but not stipulate what school they should attend, so long as the school they choose is accredited or recognized by an appropriate government agency.

Individual Ability to Make Wise Decisions

The rationale for the present dependence on "experts" to define what post-secondary schooling is and how to accomplish it is apparently that individuals are incapable of determining their own needs and how to go about meeting them. Education "experts" (teachers and administrators) have defined what they consider to be an appropriate process, and what things such a process should include, for attaining a "well rounded," "meaningful," or "adequate" education. Students are thus set out on this expertly designed quest, and under the watchful eyes they attempt to overcome all of the well constructed and thought out barriers that they en-

counter. Those who complete the quest receive degrees. Any students who think that the barriers encountered are really only windmills, and refuse to fight them, do not receive degrees. Those who do not think that the type of schooling offered is appropriate for their needs have a choice -- they may do without schooling.

If we accept the assumption that people of "college age" are incapable of making rational choices, then our voucher proposal would not be a sound one. There is, however, no empirical evidence to prove that experts and other administrators are in any way better qualified to perceive the characteristics of a "sound" education for a given student than is that individual student himself. In fact, some evidence to the contrary exists. Two studies, one of decision-making among test groups of welfare recipients[9] and another with college students,[10] tend to support our belief that individuals are able to recognize those things which are advantageous to them, and to act effectively in light of such recognition without great amounts of "guidance" from experts.

The notion that the choices about education can best be made by experts is certainly open to debate. Under a system of grants and loans to individuals there is no way to insure that individuals will not make mistakes -- in the same way that there is no way to insure at present that "experts"

will not make mistakes. The proposed voucher system would not magically make people any wiser -- no system can do that. This system will, however, make individuals directly responsible for the choices they make, and will encourage them to give serious and careful consideration to their decisions. We feel that one of the best ways (perhaps the only way) to insure that an individual develop the ability to evaluate situations and make decisions is to involve him in the actual evaluation and decision-making processes. Just as the ability to think is a developed and not a "taught" ability, so the ability to make independent and "wise" decisions is a developed capacity.

We do not mean to imply in this discussion of individual decision-making as opposed to expert decision-making that we are of the opinion that individuals will usually make the right decision and experts will usually make the wrong one. We are, however, of the strong opinion tha individual students and the perceptions concerning their own education are an invaluable input that educational experts ignore more often than not. It is perhaps ironic that a student, whose future depends greatly on the form and content of his schooling, is entirely left out of the decision-making process that determines such things. In the Oregon State System at the present

time various decisions that determine the conditions that a student will have to live with and under are made by four main groups: the State Legislature, the State Board of Higher Education, and the faculties and administrations at the various institutions. The rules under which these decision-making groups operate provide students with some opportunity to express their opinions at certain times about certain kinds of decisions. However, student participation in decision-making ends with this "advisory" capacity. Under a voucher system it is quite possible that students would still be restricted to this advisory role. They would, however,have the financial ability to pack up and find another institution whose decisions and policies might suit them better. This possible loss of funds would perhaps make "experts" more mindful of some of their most valuable advisors -- the students they are making decisions for.

"Hucksterism"

The possibility exists that under a voucher system an institution might resort to false claims and misleading advertising in order to attract students. This would clearly destroy the intent of such a program.

This threat, however, can be met by the establishment of a state agency that would be charged with the distribution and redemption of the vouchers. Institutions might be required to file specified budgetary information with this agency as a part of their petition for the right to receive and re-

deem student vouchers. This agency would then make such information available to the public, and especially to prospective students.

It has been discovered that the information now available to prospective college students about grants and loans is often insufficient or incorrect.[11] This, and other information about what the various institutions have to offer students, comes from the institutions themselves, and reaches the student through his high school guidance counselor. The information resources available to the student for decision-making would be more extensive and accurate under a properly regulated and administered program of grants and loans to individuals. The College Entrance Examination Board has recently begun offering some services to prospective college students which serve as models for aiding the individual in rational, informed decision-making. The "College Locater Service" is "...not a matching device, but rather an index to information that will acquaint each student with those institutions that meet his stated specifications and preferences."[12]

The Survival of Private Institutions

At present the demand for post-secondary schooling is so great that public institutions are overcrowded. More space is needed, but the tax-payers cannot realistically be asked to provide more money for expansion. Under such critical cir-

cumstances it is patently absurd that private institutions should be operating with student openings that cannot be filled.

There is also need, as evidenced by consumer dissatisfaction, for a greater diversity in the types of schooling offered. The public institutions have shown that because of their size, centralized administration and "political" position, they are unable to respond to demands for diversity with any flexibility. The private institutions, because of their size, geographical locations, and need for money, offer a great potential ability to provide a wide variety of choices.

The suggestion has been made that the state could wait until the various private institutions go bankrupt and then buy them, converting them into public institutions. This suggestion ignores the fact that the State System is already hard pressed to support and administer the institutions it currently operates.

It would seem more sensible for the state to seek ways to lessen its participation in the post-secondary schooling industry, and perhaps even search for ways to get out of it altogether. The federal government, in providing the opportunity for post-secondary schooling to veterans, does not operate a system of schools. Rather it provides veterans with

aid and makes it possible for them to attend schools already operated by others, and at the same time examines the schools to insure that certain standards are maintained and that the veterans are not taken advantage of. The logic of the G.I. Bill, in terms of economcy, efficiency, and lack of administrative involvment, is unquestionable.[13]

The private institutions should remain open and become more easily accessible for political, as well as economic, reasons. No government is able, and few have ever sincerely shown a desire, to ignore political considerations in the operation of their schools. The "Newman Report" concludes that in some of the larger systems of public higher education political as well as academic considerations have become important in determining which instructors are hired and fired, who should and should not be admitted, how much should be allocated to various programs within the systems, and how much money will be available for allocation to higher education in a particular year.[14] The report goes on to state that the result of this has been that colleges and universities tend to avoid considering controversial social problems, and to avoid hiring or retaining instructors who will not ignore such problems. That students are concerned about such problems, and want their education to deal with them is evidenced by the fact that campus unrest itself has become a major social

problem. And the desire to consider social problems is not limited to the students who protest.

If public institutions continue to play "political safety first" it is quite possible that they will lose credibility in the eyes of even greater numbers of students.

For several reasons, then, we feel it is imperative that private institutions survive and flourish.

Church, State and the Voucher

The U.S. Supreme Court has under consideration at the present some cases concerning the legality of state aid to private, church related schools. The Center for the Study of Public Policy, in its December 1970 report, Educational Vouchers,[15] deals extensively with the state and federal constitutional issues. Their conclusion regarding the First Amendment to the federal Constitution is:

> This appendix has analyzed the restrictions placed on a voucher program by the First Amendment. There are two basic rationales for including church schools.
>
> 1) Any benefit that accrues to a religion is not the result of government action, but rather the free choice of private individuals.
>
> 2) A program which pays privately selected church schools no more than the secular value of the education they provide confers no proscribed benefit on religious institutions.
>
> While no one can predict with certainty what the Supreme Court will do when confronted with a voucher proposal, the Court's recent decisions reject the formalistic approaches to church/state issues and try to reconcile the conflict between the Establishment and Free Exercise Clauses with flexibility. The

> difference in approach in Everson (1947) and in Walz (1970) highlights this change. In Everson the reasoning of the majority began from the relatively strict view that no aid could flow from the state to a religious institution. The decision in Walz, on the other hand, refected what one commentator has called the "Strict Newtrality" approach and embraced a more flexible standard. In the words of Chief Justice Berger, "Any move which realistically 'establishes' a church or tends to do so can be dealt with 'while the Court sits.'" If this attitude continues to inform future church-state decisions a voucher program which includes church schools freely chosen by parents is likely to be upheld, so long as it does not involve much entanglement of the state in these schools' internal affairs.

Appendix C of the Report discusses constitutional problems in California, Indiana, New York, Pennsylvania, Washington, and Wisconsin. As they interpret these various state constitutions, vouchers could be used in virtually all states.[16]

A recent Supreme Court decision shows promise that, with regard to the church-state issue, the Court may view vouchers more favorably at the post-secondary level than they have thus far at the primary-secondary level. The majority opinion begins to draw distinctions between sectarian schooling at the primary-secondary and at the post-secondary level: "There is substance to the contention that college students are less impressionable and susceptible to religious indoctrination."[17] Such evolving

might also help the disadvantaged students deal with the programmatic problems presently facing them. They will be able to choose a school whose program is best suited to their educational needs, with the added buying power given those students serving as a powerful incentive for institutions to meet their needs. Such a gearing of institutional programs to better serve the needs of the disadvantaged does not necessarily require a lower set of academic standards.

We do not claim that a system of grants and loans to individuals such as the one we propose will solve all of the problems faced by disadvantaged students in the world of post-secondary schooling. It will, however, diminish the present financial barriers, and at the same time encourage institutions to be more sensitive and responsive to the particular problems of disadvantaged students.

Vouchers and the Quality of Education

We believe that the quality of education available to students will be improved by the shift of the higher education industry into a less concentrated and more competitive market framework. We feel that by giving more buying power to consumers the institutions dependent upon them for income will become more responsive to their desires and needs. Given the opportunity to get an education elsewhere it is unlikely that students will support institutions where such things as aca-

demic tenure and "publish or perish" interfere substantially with the attention given to students. We also believe that those students who are uncomfortable with the bureaucracy and other size-related conditions could escape to smaller institutions.

FOOTNOTES - SECTION VII

1. Wisconsin. Governor's Commission on Education. A Forward Look, Madison, Wisconsin, 1970, pp. vii-ix.

2. New York. State Education Department. Bureau of Research in the Higher and Professional Education, The "Voucher System" and Higher Education in New York State. (Albany, 1970), p. 19.

3. Andrew H. Malcolm, "Deferred Tuition Sought for Ohio Public Colleges," New York Times, March 21, 1971.

4. U.S. Panel on Educational Innovation. Educational Opportunity Bank, U.S. Government Printing Office, 1967.

5. "College Tuition Aid Proposal Covers Most U.S. Families," The Oregonian, Feb 9, 1971, p. 6 (U.S. Senate Bill #659).

6. Center for the Study of Public Policy. Education Vouchers: A Preliminary Report on Financing Education by Payment to Parents, Cambridge, Mass., March, 1970, Chapter 2.

7. Wisconsin. Governors' Commission, op.cit.

8. Tonsor, Stephen J. "Who Should Pay the Cost of Post-Secondary Education?" address before the National Meeting of the College Entrance Examination Board, New York City, November, 1970.

9. Olson, Irene, article in Child Welfare, Feb. 1970, as cited in Transactions, Sept., 1970.

10. Freeman, Richard, unpublished Ph.D. dissertation, Harvard, 1971, cited in: "Interviews in San Francisco Bay Area, May 26-27, 1971," (Consumer Research Center, June 1, 1971), mimeographed.

11. Huff, Robert Allen, "An Analysis of Variable Factors Related to Selection of Oregon State Scholarship Recipients and Application of Certain Factor Relationships for Predicting Recipient Selection," Ph.D. Thesis, College of Education, Universtiy of Oregon, Eugene, 1969.

12. "College Locater Service Institutional Questionnaire" (Princeton, N.J., Educational Testing Service, 1970)p.1.

13. Michael S. Guy, "The G.I. Bill: Its Origins and Impact on Higher Education," Aug. 20, 1971 (Typewritten).

FOOTNOTES - SECTION VII

14. U.S. Dept. of Health, Education, and Welfare. "Report on Higher Education,"(Washington, D.C., U.S. Government Printing Office, March, 1971), Chapter 6, "The Growth of Bureaucracy."

15. Center for the Study of Public Policy. Education Vouchers: A Report on Financing Education by Grants to Parents, Cambridge, Mass., Dec., 1970, pp. 240-241.

16. Ibid., pp. 273-299.

17. Tilton vs. Richardson, 39 U.S. L.W. 4857 (U.S. June 29, 1971), p. 4861.

18. This disbursement has been allowed under the State Attorney General's opinion, 37 Op. Att'y Gen, 6803 (1971).

19. Wisconsin. Governor's Commission. op.cit.p. D-1.

SECTION VIII: THE OREGON VOUCHER (PROPOSED): CONSIDERATIONS AND CALCULATIONS[1]

Our research into the condition of post-secondary schooling in Oregon has led us to the conclusion that thought and discussion about changes must begin soon. Far too many students, faculty members, administrators, holders of political offices, and taxpayers assume that the present system, with all of its glaring shortcomings, is the best possible way to provide post-secondary schooling. We feel, however, that these short-comings can be remedied, and that if they are not they will prove to be the downfall of the system.

We present the following as an attempt to convey our thoughts about how an alternative to the present system of providing post-secondary schooling might look. We have used the concept of a voucher (which was explained in Section VII) and have tried to formulate a plan that would:

1. Provide for a more efficient allocation of funds available for post-secondary schooling. Such allocation, we hope, will provide more students with the opportunity to attend without adding more weight to the present tax burden.
2. Give the various institutions an incentive to provide schooling that is more closely related to prevailing social and economic conditions, and provide the incentive for groups or individuals to establish new institutions that offer types of

schooling that are not available but which are in demand, or to provide relief to presently overcrowded institutions.

3. Provide the students and the taxpayers with the ability to hold institutions accountable for their offerings.
4. Provide an incentive for institutions to seek greater enrollment of students from minority and low-income backgrounds.
5. Allow private institutions to compete with public institutions on a more nearly equal basis. This would result in relief for over-crowded institutions and at the same time provide real choice for students.

A primary consideration in any system of public support to higher schooling is the amount of funding available to finance it. To insure that our plan will not require more than the taxpayers of Oregon can afford, we have based our calculations on amounts presently available from tax sources. We have assumed that tax resources for higher schooling will not increase.

The Egalitarian Voucher (Model #1)

Table VIII-1 is the calculation for Model #1 voucher. This model takes the total state appropriation and divides it evenly among the 68,167 students enrolled in Oregon's public and private colleges and universities in 1969. Note

TABLE VIII-1: COMPUTATION OF EGALITARIAN VOUCHER

1969 Community College State Approp. = 11,582,000÷2 = 5,791,000

1969 Oregon State System Approp. =172,427,000÷2 =85,213,500

1969 Independent College OICA FAll Term
FTE Enrollment X 100
10,756 x 100 = 1,075,600

(a) Total State Approp. = 93,080,100

Total FTE Students year indicated
Community Colleges = 21,859

(Resident Undergraduates) Oregon State System = 35,552*

Independent Colleges = 10,756

(b) Total Students = 68,167

Total appropriation divided by total FTE students = a + b =
$1,365 per student egalitarian voucher

$$\frac{93,080,100}{68,167}$$

Notes: * Since out of state students attending OSSHE institutions presently pay a higher tuition rate, and would be ineligible to receive an Oregon voucher payment, the figure for OSSHE resident undergraduates only is used.

that the out-of-state students are excluded from OSSHE enrollment as they already pay full cost of instruction and probably would not qualify for an Oregon voucher.

As shown, the egalitarian voucher would amount to $1,365 per student. We do not feel, however, that such a voucher plan is satisfactory.

The Compensatory Voucher (Model #2)

The compensatory voucher is a plan under which the same public funds for post-secondary schooling are distributed to students, except that the amount varies according to the economic resources of the student's family income, i.e., those with the least ability to pay receive the largest grant. It is conceivable that a voucher could pay a portion of food and housing expenses, as well.

The rationale underlying a compensatory voucher is the desirability of providing opportunity for access to post-secondary schooling to all students who are academically eligible. Without engaging in a lengthy discussion of educational goals, it seems evident that our society wants to encourage post-secondary education. It also seems evident that our society wants to make higher education available to all who are mentally and academically eligible. If we accept these assumptions, then placing impossible monetary restriction on any such prospective students is undesirable, as is discrimination against any racial or ethnic group.

Equalized opportunity in education should not mean "take from the rich and give to the poor." Rather, it should mean doing what is necessary to encourage a student body with an economic cross-section similar to the state's general population. If the use of an egalitarian voucher plan fails to produce such a cross section and if educational opportunity is unequal, a compensatory voucher plan (including such things as deferred tuition loans, grants in aid, etc.) should be considered to restore the balance.

The necessity of a subsidy to equalize opportunity cannot be definitely proven until a statistical survey better than that mentioned in Section IV is completed. Assuming a fixed budget for post-secondary schooling, it must be emphasized that every dollar of subsidy given to one student takes a dollar away from another. Unwisely planned, a subsidy can overly encourage ineligible students -- those who could not pass entrance exams, or those who would soon drop out after they started. Increased costs borne by higher income students can force them to go to other states or even drop out completely.

Studies and recommendations made for other states[2] indicate the need for a subsidy plan in addition to the existing scholarship and loan plans. The need for such aid, plus the "something for nothing" attitude of some prospective students

could cause a disproportionate increase in enrollment. However, if the plan were properly structured, need would be met and little irrationality would be experienced.

Tables VIII-2 through VIII-4 contain a sample computation of compensatory vouchers.

Data comparable to that gathered by Hansen and Weisbrod for California (see p. IV-5) is not yet publicly available in Oregon. Therefore, as a first approximation of what the situation might be, let us assume that the family income of Oregon residents attending college has the same dimensions as that represented in the "All Families" column in Table IV-4.

We want to calculate the total revenue needed to provide compensatory vouchers for Oregon students if family incomes were what they were in California in 1964. And if the following compensatory voucher for undergraduate post-secondary schooling was designed assuming:

1. $500 minimum voucher per year to every student
2. 4 years' maximum schooling partially or totally financed by voucher
3. the 11.5% of 1969 high school graduates who would have attended college with $500 additional aid[3] are all from families with less than $3999 a year income (a conservative assumption).

Table VIII-3 tabulates the total costs in tax money for

TABLE VIII-2: Compensatory Voucher (Model #2): A Preliminary Calculation.

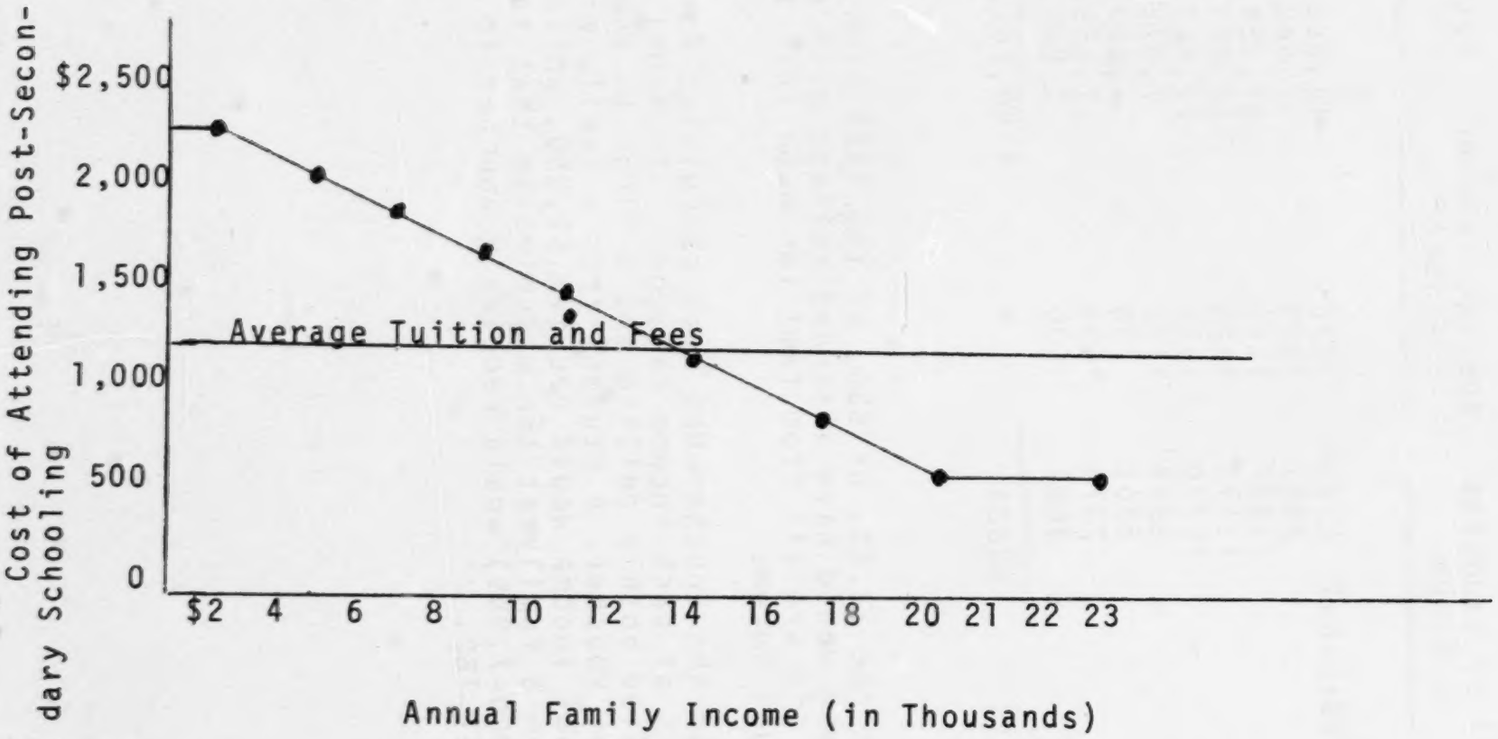


TABLE VIII-3

TAXES NEEDED TO PAY FOR COMPENSATORY (MODEL #2), VOUCHER AS PRESENTED IN TABLE VIII-2.

Income Group	% of Families	# of Students in Group		Average Voucher Value**	Total Costs
$					$
0-3999	6.6	(4499+636=)	5135*	2270	11,656,450
4000-5999	13.0		8862	1980	17,546,760
6000-7999	17.6		11997	1780	21,354,660
8000-9999	16.4		11179	1580	17,662,820
10000-11999	15.8		10770	1380	14,862,600
12000-13999	8.8		5999	1180	7,078,820
14000-19999	13.0		8862	790	7,000,980
20000-24999	3.4		2318	500	1,159,000
25000 +	5.4		3681	500	1,840,500
	100.0		68803		$100,162,590

Notes: * Assume that the 11.5%, or 636, of the 1969 high school graduates who would have attended college with $500 additional aid are all from families with less than $3,999 annual income.

** The value of the voucher has been calculated for the midpoint of each income category. In Model 2 we have specified both a ceiling and a floor to the value of the voucher. A student from a family with $6,000 annual income would receive $1,850, while a student from a family at the midpoint in that income group ($6,000-7,999) would receive a voucher in the amount of $1,780.

TABLE VIII-4: EFFECT OF COMPENSATORY VOUCHER (MODEL #2)

Income Group	Average Cost of Instruction (tuition & fees)	Average Voucher Value	Average Cost to Student for Tuition
0-3999	1300	2270	
4000-5999	1300	1980	
6000-7999	1300	1780	
8000-9999	1300	1580	
10000-11999	1300	1380	
12000-13999	1300	1180	120
14000-19999	1300	790	510
20000-24999	1300	500	800
25000 +	1300	500	800

varying values of voucher. The amount of needed taxes is seven million dollars more than the state tax monies provided Oregon institutions of higher education in 1969. We see from the Table VIII-2 that if the average tuition and fees were equal to $1300 (a reasonable estimate of direct instructional cost) then those students from families with incomes above $12,000 would pay more tuition and fees than they did in 1969 at the Oregon state system schools. Students from families with less income would have less out-of-pocket costs than they do now.

Obviously this crude example of a compensatory model is only one of innumerable models that could be constructed. Changes could be made in the minimum or maximum amounts of the voucher as well as the rate of change of voucher value.

This voucher model has assumed no significant change in the number or ages of students attending college. Both the Newman Panel[4] and the Carnegie Commission[5] recommend more variety in college offerings as well as ages of students. Voucher Plan III is the beginning of a plan to do that, and is a compensatory voucher for adults.

Voucher Plan Three

Most often when advanced schooling is given much thought, we are inclined to think about students in their early twenties and younger. A question arises "could a voucher plan be devised that would open post-secondary schooling to all persons, who would otherwise be eligible, above the age of 25

(one may suggest an upward age limit, e.g., 60 or 65)?" Assuming the answer is yes, two additional questions, among many, arise. One is, "how many individuals would become eligible" and the second is "how might the state prevent a potential onslaught on the post-secondary institutions by the implementation of such a voucher plan."

To approximate an answer to the first question, we may limit eligibility to persons with four years of high school (in itself, a debatable restriction), of age 25 and older. For the nation as a whole, the percentage of the population in that classification in 1969 was 12.9 percent (based on Bureau of Census figures). Assuming the same ratio for Oregon (which is a somewhat conservative estimate), the year 1969 would have seen approximately 275,000 individuals in this category. Given the experience with G.I. Bill it seems reasonable that a voucher plan that would "enfranchise" that number of people would not automatically mean that that number of persons would rush to school at once, or at all. Quite the contrary, the number of those eligible who would take advantage of such a plan might be no more than ten or fifteen percent.

An answer to the second question is that an element could be built into such a plan that would encourage an individual to delay using his voucher. Such a feature might be like a savings account. That is, each person would receive

a voucher worth X dollars, the dollars being on "deposit" with the state. As long as the individual delayed in using his voucher, the value of his voucher would increase at some fixed interest rate per annum.

A variation of this plan is to peg the interest rate to the rise (or fall) of the cost of living index on the assumption that over a period of time, the "buying power" of the voucher would remain constant.

While the above is a mere sketch of a voucher plan, it is enough to suggest that there are numerous variations of such schemes in general once the fundamental assumption is accepted of direct educational aid to the individual rather than to institutions.

Operational Plan for the Proposed Oregon Voucher

1. Financing

The Oregon Voucher will be financed from the sources now drawn upon by the Oregon State System of Higher Education. For the 1970-71 biennium this appropriation will equal approximately $100,000,000 per year. Put simply, the proposed Oregon Voucher provides that an agency of the state government will divide the money among those who apply for it. The amount allotted to each student will vary according to his own or his family's financial status (whichever is relevant). At present a student must have been financially independent of

his parents for a period of at least one year before his own, rather than his parent's, financial status can be used as a basis for calculating his eligibility for financial aid. A certificate (voucher) stating the amount of aid the student was entitled to would be issued to the student. This certificate would not be negotiable by the student, but would be non-transferable, and would become invalid after a period of time.

Under this plan all participating institutions would receive the bulk of their income from tuition and fees paid to them by students. Schools currently receiving money from the state government would no longer receive it directly. They would, instead, receive it indirectly, when they presented all of the vouchers they collected from students in payment of tuition and fees to the Oregon State Treasury and were reimbursed.

2. Administration of the Oregon Voucher

There are five parties involved in the Oregon voucher. These are the individual student, the individual institutions, the State Legislature, the State Treasury, and a State Voucher Agency.

When the state legislature passes the Oregon voucher into law it will create the State Voucher Agency. This agency,

through its various departments, is charged with:

1. Passing on all applications for accrediting made by individual institutions
2. Receiving and processing all student applications for vouchers
3. Inquiring into any complaints or alleged violations of the law by either students or institutions, when such violations are relevant to vouchers.

The legislature will also provide the agency with:

1. Standards governing the accrediting of institutions
2. Criteria for calculating the amount that each individual student's voucher will be worth
3. Enough funds to fulfill its assigned tasks.

During the senior year of high school, or any time prior to attending a post-secondary school, the student will make application to the state Voucher Agency. He will be required to submit a copy of a financial statement similar to the Parent's Confidential Statement (PCS) already in use throughout the State System and at private schools.[6]

The Voucher Agency will give the student a list of institutions which are accredited, i.e.,eligible to receive and redeem vouchers, and, using the criteria laid down by the

state legislature and the individual PCS, will compute the amount that the student's voucher will be worth. The Voucher Agency will then prepare the voucher certificate -- a data processing card containing all the necessary information, e.g., the students name, the amount of the certificate, etc.

Once he has a list of the accredited institutions and knows how much his voucher is to be worth the student can begin application procedures.

Post-secondary institutions in the more competitive market engendered by a voucher system, might conceivably engage in "hucksterism," deceptive advertising, or other techniques designed to mislead students in order to attract them. The Accrediting Department of the State Voucher Agency can prevent such abuses, however. No institution may legally collect and redeem vouchers at the State Treasury unless it has been authorized to do so by the Accrediting Department of the Voucher Agency. To receive and maintain such authorization each institution will be required to:

1. Maintain certain academic standards as defined by law,
2. Submit to the Voucher Agency all advertising material used within 10 days after such material is first used, and,
3. Submit to the Voucher Authority an annual financial statement that accounts for all income

and expenditures during the previous twelve months.

Any institution that did not fulfill these requirements would thereby place itself in danger of losing its authorization to receive and redeem vouchers.

Although these requirements may appear to be stringent or even unfair this is not the case. The Agency would be legally empowered to examine advertising materials only to determine the validity of information contained in them. (The Agency would also be empowered to receive any complaints from citizens relating to the advertising). If the Agency finds that there is substantial reason to doubt the honesty of an institution's advertising, the matter will be turned over to the State Attorney General's office for further investigation and possible legal action. Such legal action could result in the loss of authority to receive vouchers.

The financial statements would be used by the Voucher Agency only to determine whether or not the tuition being charged is equal to or greater than the amount of money required to provide schooling for the student. Any institution that was charging a tuition that was "below cost" would be in danger of losing its authorization to collect and redeem vouchers.

The student then applies to one or more of the various institutions. If and/or when he is accepted the school noti-

fies him of any other sources of funds that might be available, through grants, loans, scholarships, work-study, etc. When the student is accepted the institution notifies the State Voucher Agency. The State Voucher Agency then sends the voucher certificate to the institution, where it is placed in the student's registration packet.

During registration the student signs his voucher (much the same as one endorses a check) to validate it. He then uses the voucner, and any other money he may have, to pay his fees.

The institution sends all of the vouchers it has collected in this manner to the State Treasury, where they are checked and processed. When this is complete the Treasury Department issues a check to the institution in the amount of all the valid vouchers it has submitted. The money will then be used by the institution to cover the expenses of educating the student.

See Table VIII-5 for a graphic presentation of the administrative mechanism outlined above.

Private and federal aid, both individual and institutional, can remain the same or increase, but such aid will not enter the calculation of vouchers.

Colleges would be required to fund total instructional costs, from income received in payment of tuition and fees. No institution, public or private, would be allowed to charge

TABLE VIII - 5

THE ADMINISTRATION AND OPERATION OF THE OREGON VOUCHER

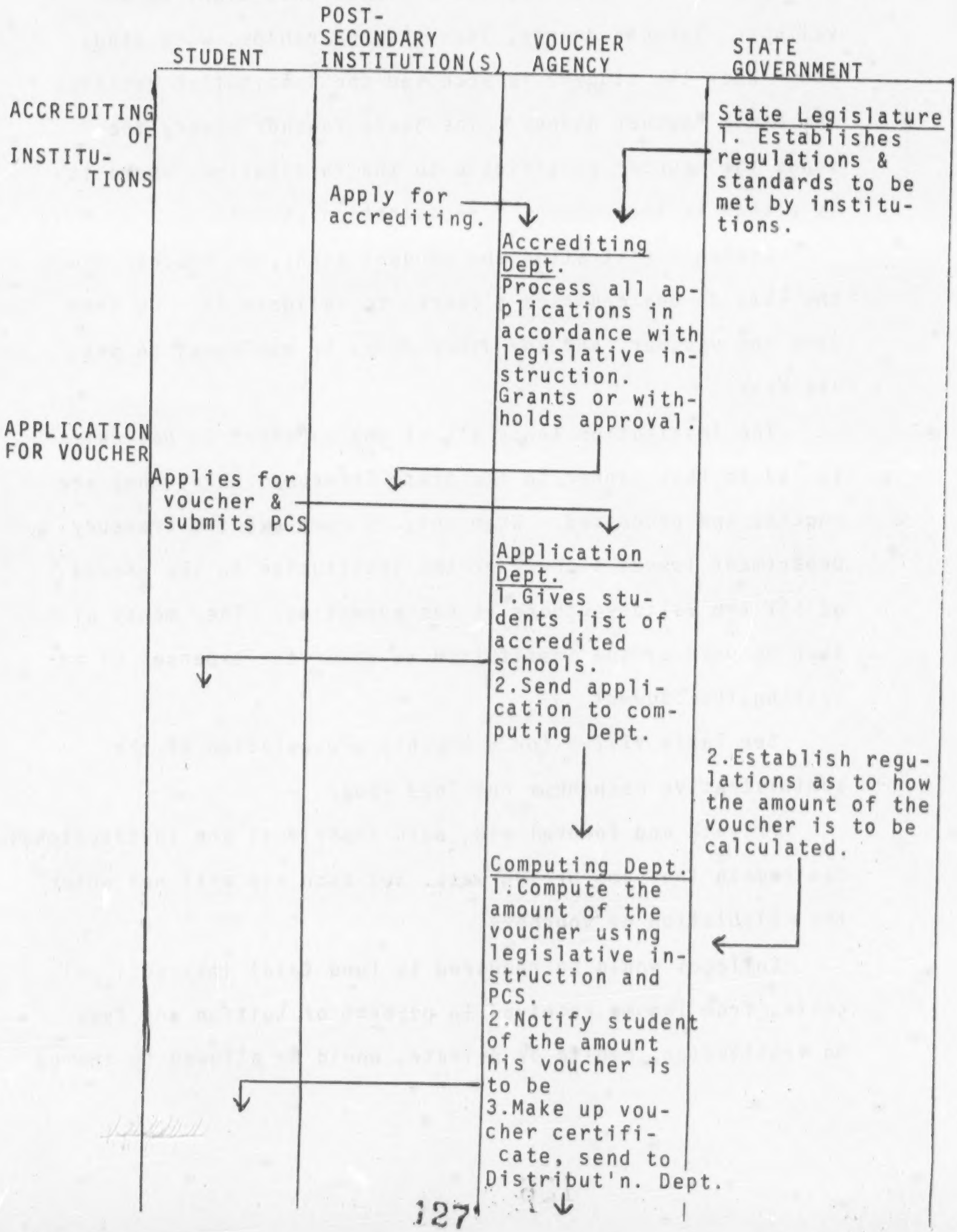

STUDENT
POST-SECONDARY INSTITUTION(S)
VOUCHER AGENCY
STATE GOVERNMENT
ACCREDITING OF INSTITU-TIONS
State Legislature
1. Establishes regulations & standards to be met by institutions.
Apply for accrediting.
Accrediting Dept.
Process all applications in accordance with legislative instruction.
Grants or withholds approval.
APPLICATION FOR VOUCHER
Applies for voucher & submits PCS
Application Dept.
1.Gives students list of accredited schools.
2.Send application to computing Dept.
2.Establish regulations as to how the amount of the voucher is to be calculated.
Computing Dept.
1.Compute the amount of the voucher using legislative instruction and PCS.
2.Notify student of the amount his voucher is to be
3.Make up voucher certificate, send to Distribut'n. Dept.

TABLE VIII-5 (Continued)

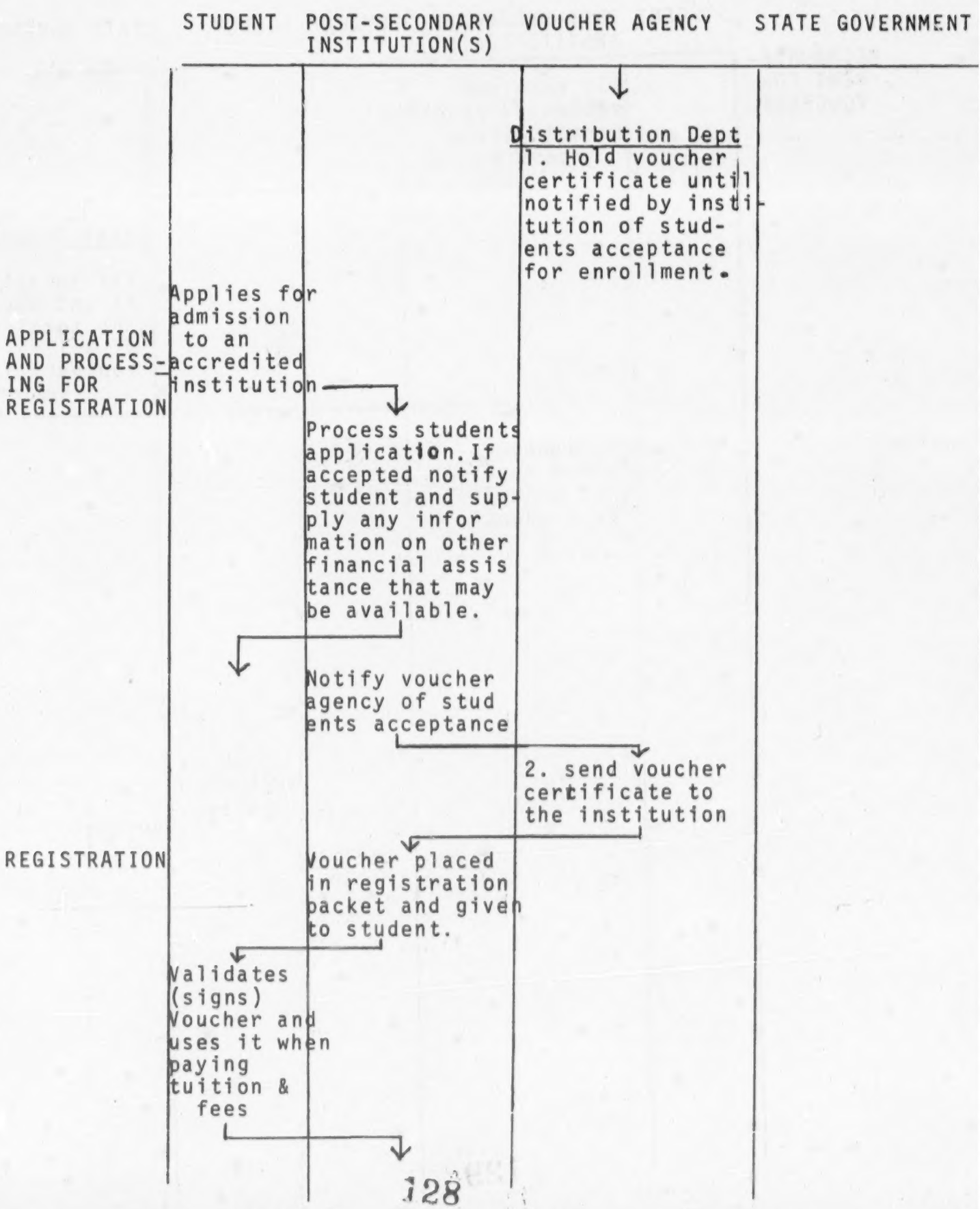
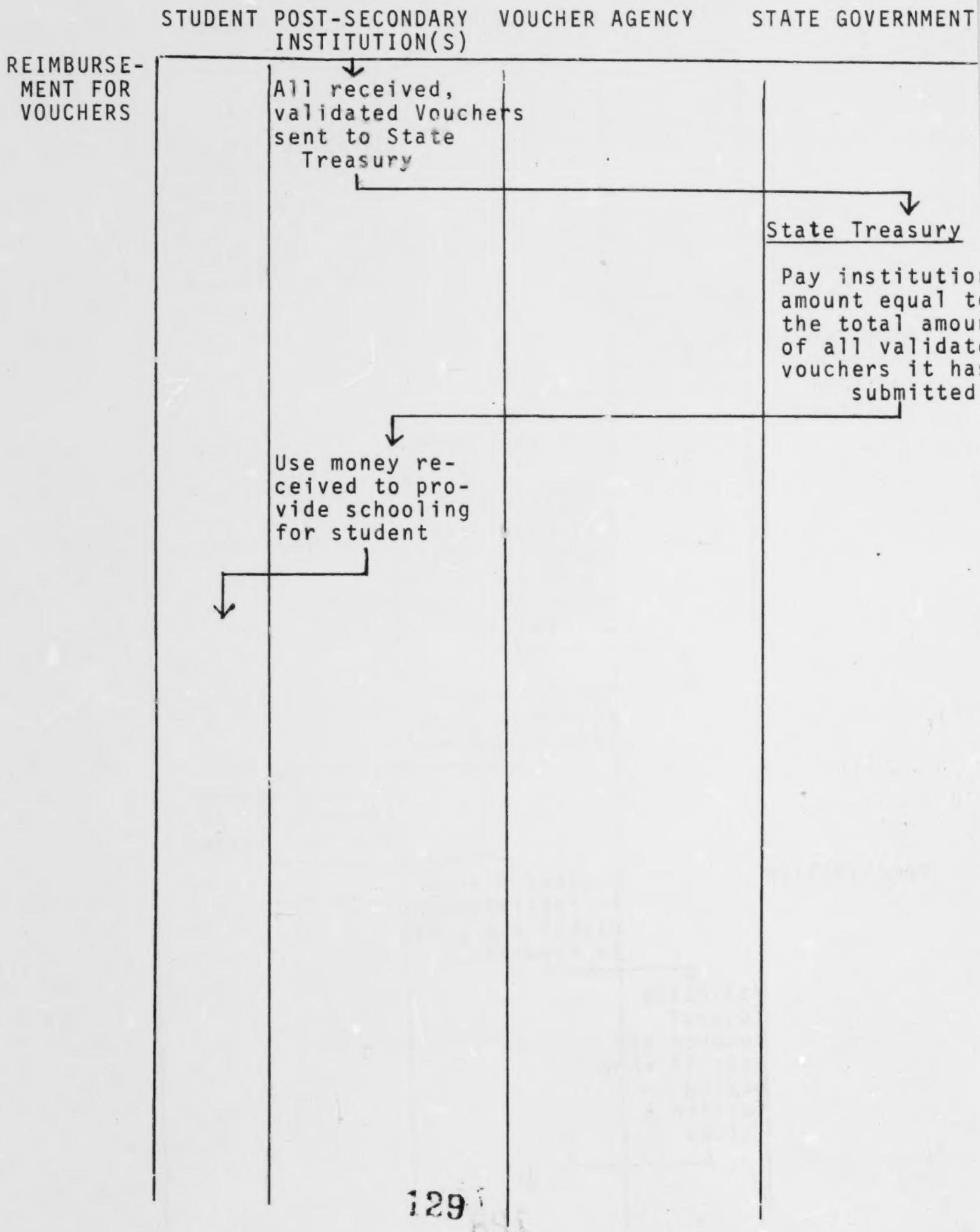

STUDENT
POST-SECONDARY INSTITUTION(S)
VOUCHER AGENCY
STATE GOVERNMENT
Distribution Dept
1. Hold voucher certificate until notified by institution of students acceptance for enrollment.
APPLICATION AND PROCESSING FOR REGISTRATION
Applies for admission to an accredited institution
Process students application. If accepted notify student and supply any information on other financial assistance that may be available.
Notify voucher agency of students acceptance
2. send voucher certificate to the institution
REGISTRATION
Voucher placed in registration packet and given to student.
Validates (signs) Voucher and uses it when paying tuition & fees

TABLE VIII-5 (Continued)

	STUDENT	POST-SECONDARY INSTITUTION(S)	VOUCHER AGENCY	STATE GOVERNMENT
			Distribution Dept 1. Hold voucher certificate until notified by institution of students acceptance for enrollment.	
APPLICATION AND PROCESSING FOR REGISTRATION	Applies for admission to an accredited institution →			
		Process students application. If accepted notify student and supply any information on other financial assistance that may be available.		
		Notify voucher agency of students acceptance →		
			2. send voucher certificate to the institution	
REGISTRATION		Voucher placed in registration packet and given to student.		
	Validates (signs) Voucher and uses it when paying tuition & fees			

TABLE VIII-5 (Continued)


STUDENT
POST-SECONDARY INSTITUTION(S)
VOUCHER AGENCY
STATE GOVERNMENT
REIMBURSE-MENT FOR VOUCHERS
All received, validated Vouchers sent to State Treasury
State Treasury
Pay institutio amount equal t the total amou of all validat vouchers it ha submitted
Use money re-ceived to pro-vide schooling for student

any student, with or without a voucher, less money than it will cost to educate him.

The right to have a voucher issued to oneself would be based upon at least one year's residency in Oregon. No citizen would be subsidized for more than four academic years. The voucher would be available in an account, similar to the manner in which Social Security and the G.I. Bill of Rights for education are administered. A citizen would have access to this account upon his 18th birthday or upon graduation from high school.

High cost programs may have special fees, such as a lab fee for a science program. Institutions may charge different tuition rates so long as they do not charge below cost.

Implementation of the Oregon Voucher would begin with the entering freshman class of a given year and extend to succeeding entering freshmen classes, thus providing a four-year phase-in period. It would include all post-secondary education, including proprietary schools. The only limitation placed upon a student's choice about where and how to spend his voucher would be the accrediting practices of the Voucher Agency.

A program of financial aid to students which is quite similar to our proposed voucher has been in operation for quite some time on the federal level. With a few notable exceptions, such as the variability of the value of the voucher

based on financial status, our proposed plan is similar to the G.I. Bill of Rights for education. Every month thousands of veterans receive a check from the Veteran's Administration provided that:

1. They apply for it,
2. The institution at which they are enrolled is approved by the VA,
3. The institution will verify the details of the veteran's enrollment, i.e., the number of credit hours enrolled for, the program enrolled in, etc.

The federal government did not try to give financial aid to veterans in the same way that most states, Oregon included, try to ease the cost of post-secondary schooling for their citizens. If the federal government had followed the example set by the states it would have established a system of institutions which depended almost entirely on federal aid and which veterans could attend more inexpensively than other institutions. The federal government chose instead to subsidize students, utilizing existing institutions, and thereby avoiding the cost and problems of maintaining a system of its own. We suggest that the State of Oregon as well as other states follow the federal government's example, as we have outlined above.

FOOTNOTES - SECTION VIII

1. All data in Section VIII are subject to revision. They are presented to give the reader an approximation of possible costs and benefits of various voucher plans.

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SECTION IX: AFTERWORD AND AFTERWARD

We have presented analysis of the condition of post-secondary schooling in Oregon at the present time, a conceptual framework and basis for a voucher system alternative, and an outline of how we feel a voucher system could look.

It is impossible at this point to make precise predictions about the impact of a voucher system. And although we have invested much time and energy into investigating such a system we are by no means advocating its implementation at this time. The inadequacies of this study are as apparent to us as they are to the reader, and many more questions and possibilities remain to be considered.

The one thing of which we feel reasonably certain is that the present system of post-secondary schooling is inadequate and unable to meet the various demands now being placed upon it by the society. We feel that the present system has many limitations, and that these limitations force institutions to choose between the demands made on them, to meet some and to ignore, or at least place secondary emphasis on, others.

All of the members of our research team feel that these limitations pose a very real threat to post-secondary

institutions. Some members of the group, perhaps because we are younger and more radical than some of our teammates, feel that these limitations have widespread social, economic and political causes and implications. Those of us who are of a more radical bent feel that unless action is taken within the next few years these limitations could very well contribute to severe social and economic upheaval.

As a result of our research to date we have found that the voucher system offers the greatest potential and the best framework from which these limitations can be eradicated However, as we have stated earlier, we are certainly not committed to a voucher system -- at least not unto death. Our primary motivation in publishing the results of our research to date is to stimulate thought and discussion, and perhaps make contact with other groups and individuals who are similarly concerned about and interested in the future of post-secondary schooling and alternative ways to provide it.

Below we present some of our personal ideas about the impact that a voucher system could or should have in Oregon. These are not predictions so much as they are objectives that we feel a properly designed and implemented voucher could and should try to attain.

We feel that a voucher system could force the State

System to charge its students the full cost of their education, thereby eliminating the absolute price advantage currently held by these institutions.

We feel that a voucher system could give students the financial means to obtain the type of education they perceive is most beneficial for them; and students will no longer be forced to accept the education that they are supposed by experts to "need."

We feel that a voucher system could allow students now in public institutions to attend private schools, thereby relieving a part of the overcrowding apparent at public schools and filling currently empty spaces at private schools. This could result in a savings to the tax-payer, who would not have to fund more expansion at State System institutions.

We feel that a voucher system could give students the financial ability to leave an institution that did not suit them, making institutions more responsive.

We feel that a voucher system could provide access to post-secondary schooling for many who cannot afford it, and that a deferred tuition loan plan could be implemented to provide any further necessary assistance.

We feel that a voucher system would be more efficient, less expensive, and less time consuming for the state gov-

ernment (and thereby save the taxpayers some money) because the government's role would be reduced to:

1) Determining the total amount of funds to be made available for vouchers
2) Funding and operating the Voucher Agency
3) Setting standards for institutions to meet in order to be eligible to receive and redeem vouchers
4) Setting rules and regulations for the calculation of the amount of voucher for which each individual qualifies.

The costly and time consuming activities of budget requests and analysis and debate would be done away with.

Keeping in mind such considerations as these we would suggest that a pilot program of vouchers be considered for the very near future. Such a pilot program, perhaps involving 10% of the students currently enrolled in both public and private schools in Oregon, could give us a more firm basis upon which to examine the potential of a voucher, and answer some of the questions that are now mere speculation.

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